

# Trafford Resources Limited

ACN 112 257 299

## Scheme Booklet

for a scheme of arrangement in relation to the proposed acquisition of all your fully paid ordinary shares in Trafford Resources Limited by IronClad Mining Limited and related option scheme

**Your Trafford Directors unanimously recommend that, in the absence of a Superior Proposal, you vote in favour of the Merger with**

## IronClad Mining Limited

ACN 124 990 405

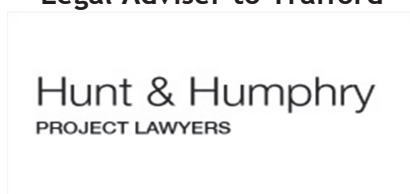
**In considering this recommendation, Trafford Securityholders should be aware that two of Trafford's four directors, Mr Ian Finch and Mr Neil McKay, are directors of, and hold securities in, both IronClad and Trafford.**

The Independent Expert has concluded that the Share Scheme is fair and reasonable and in the best interests of Trafford Shareholders

The Independent Expert has concluded that the Option Scheme is fair and reasonable and in the best interests of Trafford Scheme Optionholders

This is an important document and requires your prompt attention. You should read it in its entirety before you decide whether or not to vote in favour of the Schemes. If you are in doubt as to what you should do, you should consult your legal, financial or other professional adviser.

Legal Adviser to Trafford



Legal Adviser to IronClad



## Important Information

### This Scheme Booklet contains important information

The purpose of this Scheme Booklet is to explain the terms of the Schemes, the manner in which the Schemes will be considered and implemented (if the Scheme Conditions are satisfied), and to provide such information as is prescribed or otherwise material for Trafford Securityholders when deciding whether or not to vote in favour of the Schemes. This document includes the explanatory statement required by section 412(1) of the Corporations Act in relation to the Schemes. You should read this document in its entirety before making a decision on whether or not to vote in favour of the Schemes.

### Investment decisions

This Scheme Booklet is for Trafford Shareholders and Trafford Scheme Optionholders collectively and does not take into account an individual's investment objectives, financial situation, taxation position or other particular needs.

This Scheme Booklet should not be relied upon as the sole basis for any investment decision in relation to the Schemes, Trafford Shares, Trafford Scheme Options, New IronClad Shares or New IronClad Options. If you are in any doubt about what you should do, you should seek independent legal, financial or other professional advice before making any investment decision in relation to the Schemes.

### Responsibility for information

The information concerning the Trafford Group contained in this Scheme Booklet, including financial information and information as to the views and recommendations of the Trafford Directors, has been provided by Trafford and is the responsibility of Trafford. Neither IronClad, nor its advisers, nor the advisers of Trafford assume any responsibility for the accuracy or completeness of that information.

The IronClad Information has been provided by IronClad and is the responsibility of IronClad. Neither Trafford, nor its advisers, nor the advisers of IronClad assume any responsibility for the accuracy or completeness of that information.

BDO Corporate Finance (WA) Pty Ltd has prepared the Independent Expert's Report in relation to the Schemes set out in Annexure A of this Scheme Booklet and takes responsibility for that report. IronClad, Trafford and their respective advisers do not assume any responsibility for the accuracy or completeness of the Independent Expert's Report.

### Role of ASIC, ASX, and the Court

A copy of this Scheme Booklet has been examined by ASIC pursuant to section 411(2)(b) of the Corporations Act and lodged with, and registered by, ASIC under section 412(6) of the Corporations Act. Trafford has requested ASIC provides statements, in accordance with section 411(17)(b) of the Corporations Act, that ASIC has no objection to the Schemes. If ASIC provides those statements, they will be produced to the Court on the Second Court Date.

A copy of this Scheme Booklet has been lodged with ASX.

Neither ASIC, ASX nor any of their officers takes any responsibility for the contents of this Scheme Booklet.

The Court is not responsible for the contents of this Scheme Booklet and, the fact that under section 411(1) of the Corporations Act the Court ordered on 30 March 2015 that meetings of Trafford Securityholders be convened by Trafford to consider and vote on the Schemes and has approved the Scheme Booklet does not mean that the Court:

- has formed any view as to the merits of the proposed Schemes or as to how Trafford Securityholders should vote (on this matter, Trafford Securityholders must reach their own decision); and
- has prepared, or is responsible for, the content of this Scheme Booklet.

### Entitlement to inspect Trafford Registers

Under sections 170 and 173 of the Corporations Act, a Trafford Securityholder has a right to inspect, and request a copy of, the

Trafford Share Register and the Trafford Option Register, which contain details of the name and address of each Trafford Securityholder and, in the case of Trafford Options, other details regarding the terms of the Trafford Scheme Options. A copy of the Trafford Share Register and/or the Trafford Option Register will be given to a Trafford Securityholder upon request and payment of the prescribed fee under the Corporations Act.

### Forward-looking statements

This Scheme Booklet contains both historical and forward-looking statements. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. The statements contained in this Scheme Booklet about the advantages and disadvantages expected to result from the Schemes are forward-looking statements. Forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of Trafford, IronClad and/or the Merged Group to be materially different from future results, performance or achievements expressed or implied by such statements. The operations and financial performance of Trafford, IronClad and/or the Merged Group and the change of a Scheme Participant's ownership of Trafford Shares, Trafford Options, New IronClad Shares and New IronClad Options are subject to various risks that are summarised in Section 10 of this Scheme Booklet and that may be beyond the control of Trafford, IronClad and/or the Merged Group.

As a result, Trafford's actual results of operations and earnings and those of IronClad and the Merged Group following implementation of the Schemes, as well as the actual advantages and disadvantages of the Schemes, may differ significantly from those that are anticipated in respect of timing, amount or nature and may never be achieved.

The forward-looking statements included in this Scheme Booklet reflect views only as of the date of this Scheme Booklet. None of Trafford, IronClad, the Trafford Directors or the IronClad Directors or any other person gives any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this Scheme Booklet will actually occur and you are cautioned not to place undue reliance on such forward-looking statements.

All written and oral forward-looking statements attributable to Trafford or IronClad or any person acting on their behalf are qualified by this cautionary statement. Subject to any continuing obligations under the ASX Listing Rules or the Corporations Act, neither Trafford nor IronClad give any undertaking to update or revise any such statements after the date of this Scheme Booklet to reflect any change in expectations in relation thereto or any change in events, conditions or circumstances on which any such statement is based.

### Defined terms

Capitalised terms and certain other terms used in this Scheme Booklet are defined in the Glossary of defined terms in Section 15.

The Independent Expert's Report in Annexure A have its own defined terms and those terms are sometimes different to the defined terms in the Glossary.

### Currency

All references in this Scheme Booklet to "\$", "AUD" or "dollar" are references to Australian currency unless otherwise indicated.

### Reference to time

All references in this document to time relate to the time in Perth, Western Australia, unless otherwise specified.

### Date of this document

This document is dated 30 March 2015.

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## Reasons to vote in favour of or against the Schemes

### Reasons to vote in favour of the Schemes

- The Merged Group will have access to IronClad's infrastructure, which will assist the Merged Group in developing its products to production and may enable the Merged Group to capitalise on any future improvement of commodity prices.
- The Merger will bring about a combined Merged Group with combined net assets of approximately \$13 million. This may improve the Merged Group's ability to raise additional capital, as well as potentially improving liquidity.
- The Merger will provide Trafford Shareholders with access to IronClad's manganese and iron ore project, and the accompanying fixed assets. The Merged Group will also experience improved flexibility in choosing which projects to develop, reducing development risk and maximising potential shareholder value.
- The Merged Group may also benefit from cost and pricing synergies, as well as an increased attractiveness to potential investors.
- The Independent Expert has concluded that the Schemes are in the best interests of Trafford Securityholders.<sup>1</sup>
- The Trafford Directors have unanimously recommended that Trafford Securityholders vote in favour of the Schemes in the absence of a Superior Proposal at the date of this Scheme Booklet.<sup>2</sup>
- No Superior Proposal has emerged as at the date of this document.
- The Merger will provide Trafford with access to IronClad's cash and infrastructure assets, which may increase the ability of Trafford to raise funds and aid Trafford in continuing as a going concern in the near future. However it should be noted that there is no guarantee that IronClad will have excess cash in the future nor that either IronClad or Trafford will be a going concern in the future and that this may be dependent upon the ability of the Merged Group to raise capital in the future. The auditor of Trafford and IronClad has issued their reports for financial period ending 30 June 2014 and 31 December 2014 with emphasis of matter on going concern which indicate the existence of a material uncertainty whether each entity would continue as going concern and whether it would realise its assets and extinguish its liabilities in the normal course of business and at the amount stated in the financial report.
- The provision of access to IronClad's infrastructure assets is expected to allow a faster and more cost effective development of both Ironclad's and Trafford's current exploration assets.

### Possible reasons to vote against the Schemes

- You may consider that there is the potential for a Superior Proposal to be made to Trafford in the foreseeable future.
- You may not agree with the recommendation of the Schemes by the Trafford Directors and the Independent Expert that the Schemes are in the best interests of Trafford Securityholders.
- The Share Scheme Consideration is a fixed ratio of IronClad Shares to Trafford Shares and therefore there is a risk that the effective value you receive under the Share Scheme moves adversely from the market value on the date of the Share Scheme Meeting.
- The tax consequences of the Schemes may not suit your current financial position.
- The risk profile of the Merged Group will change, which you may consider to be disadvantageous to you relative to the risk profile of the current Trafford business.

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<sup>1</sup> The Independent Expert has concluded that the Share Scheme is fair and reasonable and in the best interests of Trafford Shareholders and that the Option Scheme is fair and reasonable and in the best interests of Trafford Optionholders.

<sup>2</sup> In considering their recommendation, the Trafford Directors believe Trafford Securityholders should be aware that Mr Ian Finch and Mr Neil McKay are directors of, and hold securities in, both IronClad and Trafford. Before making a decision about the Schemes, Trafford Securityholders should read this Scheme Booklet in its entirety and if you are in doubt about what action to you should take, contact your professional adviser. For further details regarding the securityholding interests of Messrs Finch and McKay in IronClad and Trafford, please refer to Sections 6.7 and 7.7. For further details regarding the recommendation of the Trafford Directors, please refer to Section 5.5.

- Your percentage interest in the Merged Group will be reduced relative to your current interest in Trafford and therefore returns generated by the current Trafford project portfolio in the Merged Group will be shared with current IronClad Shareholders.

## Overview of this document

### What are the proposals?

IronClad Mining Limited (**IronClad**) has made a proposal to acquire all of the Shares in Trafford Resources Limited (**Trafford**) to effect a merger between IronClad and Trafford. IronClad has also made a proposal to acquire all of the Trafford Scheme Options.

IronClad and Trafford have agreed to implement the Share Scheme and the Option Scheme proposals under a procedure set out in the Corporations Act called a scheme of arrangement. This is a Court-supervised process under which Trafford Securityholders have the opportunity to vote for or against the proposed Share Scheme and Option Scheme (as applicable) and if the Schemes are approved by the Court then the Schemes will be binding on Trafford and the Trafford Securityholders.

If the Schemes are approved by Trafford Securityholders and by the Court, subject to satisfaction or waiver of the Scheme Conditions:

- IronClad will acquire all of the Trafford Shares in exchange for the Share Scheme Consideration (being 1 New IronClad Share for every 1 Trafford Share) to be provided to the Share Scheme Participants, and Trafford will become a wholly-owned subsidiary of IronClad; and
- all Trafford Scheme Options will be cancelled in exchange for the Option Scheme Consideration (being 1 New IronClad Option for every 1 Trafford Scheme Option) to be provided to the Option Scheme Participants.

If the Share Scheme is not approved, regardless of whether the Option Scheme is approved, the Merger will not proceed and Trafford will continue to operate as a stand-alone entity, listed on ASX, with an interest in 26.59% of the IronClad Shares on issue.

If the Share Scheme is approved but the Option Scheme is not approved, the Share Scheme will not proceed and Trafford will continue to operate as a stand-alone entity, listed on ASX, with an interest in 26.59% of the IronClad Shares on issue, unless the Scheme Condition in clause 2.2(n) of the Merger Implementation Agreement is waived by IronClad.

In circumstances where the Scheme Condition in clause 2.2(n) of the Merger Implementation Agreement is waived by IronClad such that the Share Scheme is no longer conditional on the Option Scheme being approved and the other Scheme Conditions are satisfied or waived, the Merger will still proceed and IronClad will acquire all of the Trafford Shares, but Trafford Scheme Optionholders will continue to hold their Trafford Scheme Options. In those circumstances, Trafford would be de-listed from ASX, meaning there is unlikely to be an active market for any Trafford Shares issued to Trafford Scheme Optionholders on any exercise of their Trafford Scheme Options. Further, IronClad may have a right to compulsorily acquire the Trafford Scheme Options after the Share Scheme is implemented. Please refer to Section 12.13 for further information.

### What is this document for?

The Share Scheme is subject to the approval of Trafford Shareholders and the Option Scheme is subject to the approval of Trafford Scheme Optionholders. This Scheme Booklet contains information relevant to the decision of Trafford Securityholders as to whether to vote for or against the relevant Scheme.

The Scheme Meetings to consider the Schemes will be held at **Bentleys, Level 1, 12 Kings Park Road, West Perth** on **4 May 2015**. The Share Scheme Meeting will commence at **10am (WST)** and the Option Scheme Meeting will commence at the later of **10.30am (WST)** and the conclusion of the Share Scheme Meeting.

### Why should you vote?

As a Trafford Securityholder you have a say in whether the Schemes are implemented or not - **this is your opportunity to play a role in deciding the future of the company in which you have a stake.**

### Are the Schemes in the best interests of Trafford Securityholders?

The Independent Expert has concluded that the Share Scheme is in the best interests of Trafford Shareholders because **the Share Scheme is fair and reasonable.**

The Independent Expert has concluded that **the Option Scheme is fair and reasonable** and is in the best interests of Trafford Scheme Optionholders.

The Trafford Directors unanimously recommend that, in the absence of a Superior Proposal and on the basis that the Independent Expert maintains its opinion that the Schemes are in the best interests of Trafford Securityholders, Trafford Securityholders to vote in favour of the Schemes.

In considering this recommendation, Trafford Securityholders should be aware that Mr Ian Finch and Mr Neil McKay are directors of, and hold securities in, both IronClad and Trafford. For further details regarding the securityholding interests of Messrs Finch and McKay, please refer to Sections 6.7 and 7.7<sup>3</sup>.

**What you should do next:**

**Step 1: Read this document in full**

You should read and carefully consider the information included in this document to help you make an informed decision as to how to vote in relation to the Schemes. If you have any doubt as to what action you should take, please contact your financial, legal, taxation or other professional adviser immediately.

**Step 2: Vote on the Schemes**

As a Trafford Securityholder, it is your right to vote on whether the Schemes should be approved, and therefore, whether the Schemes should proceed. You should note that the Schemes are subject to the Scheme Conditions. Even if Trafford Securityholders approve the relevant Scheme, it is possible that the Scheme will not be implemented if the other Scheme Conditions have not been satisfied.

You can vote in person at the Scheme Meetings scheduled for **10am (WST) on 4 May 2015**, or by returning a validly completed proxy voting form by not later than **10.00am (WST) (for the Share Scheme Meeting) or 10.30am (WST) (for the Option Scheme Meeting) on 2 May 2015**. Full details of how to vote are set out in pages 8 to 11 of this document.

**For further information**

If you have any questions after reading this document, please call the Company Secretary of Trafford, Mr Pragyugi Gouw on +61 8 9485 1040.

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<sup>3</sup> Before making a decision about the Schemes, Trafford Securityholders should read this Scheme Booklet in its entirety and if you are in doubt about what action to you should take, contact your professional adviser. For further details regarding the recommendation of the Trafford Directors, please refer to Section 5.5.

**Important dates and times**

Key events and the expected timing in relation to the approval and implementation of the Schemes are set out in the table below.

<b>Event</b>	<b>Date</b>
Latest time and date for lodgement of completed proxy forms for the Scheme Meetings	10am (WST) (Share Scheme Meeting) and 10.30am (WST) (Option Scheme Meeting) on Saturday 2 May 2015
Time and date for determining eligibility to attend and vote at the Scheme Meetings	5.00pm Friday 1 May 2015
Scheme Meetings to be held at Bentleys, Level 1, 12 Kings Park Road, West Perth	10am (WST) (for the Share Scheme Meeting) and the later of 10.30am (WST) and the conclusion of the Share Scheme Meeting (for the Option Scheme Meeting) on Monday 4 May 2015
<b>If the Schemes are approved by the respective Requisite Majorities of Trafford Securityholders, the expected timetable for implementing the Schemes is:</b>	
Second Court Date for approval of the Schemes	Tuesday 5 May 2015
Effective Date of the Schemes and last day of trading of Trafford Shares on ASX	Wednesday 6 May 2015
Suspension of trading of Trafford Shares on ASX	5.00pm Wednesday 6 May 2015
New IronClad Shares to be issued under the Share Scheme and New IronClad Options issued under the Option Scheme expected to begin trading on a deferred settlement basis	Thursday 7 May 2015
Record Date for determining entitlements to the Scheme Consideration	Monday 11 May 2015
Implementation Date for the transfer of Trafford Shares to IronClad and cancellation of Trafford Scheme Options and issue of New IronClad Shares and New IronClad Options to Scheme Participants	Friday 15 May 2015
Despatch of holding statements for Scheme Consideration	Friday 15 May 2015
New IronClad Shares and New IronClad Options begin trading on ASX on a normal settlement basis	Monday 18 May 2015
Termination of official quotation of Trafford Securities on ASX	5.00pm Tuesday 19 May 2015

The above dates and times are indicative only and, amongst other things, are subject to the time at which each Scheme Condition is satisfied and the dates on which all necessary Court and regulatory approvals are obtained. Trafford has the right to vary any or all of these dates and times, subject to the approval of such variation by ASX, the Court and IronClad, where required.

Any variation to the above dates and times will be announced to ASX (and accordingly, details of any variations will be available on ASX's website ([www.asx.com.au](http://www.asx.com.au))) and will be published on Trafford's website ([www.traffordresources.com](http://www.traffordresources.com)).



**Letter from Trafford**

10 March 2015

Dear Trafford Securityholder

This Scheme Booklet sets out details of and seeks your approval for a merger between Trafford Resources Limited and IronClad Mining Limited. The advantages of the Merger are detailed in this Scheme Booklet.

Your independent directors, being Mark Le Grange and Allan Trench, both strongly recommend that, in the absence of a Superior Proposal, you vote in favour of the Schemes.

The Common Directors, being Ian Finch and Neil McKay have stated they are in favour of the Merger and also recommend that you vote in favour of the Schemes, again, in the absence of a Superior Proposal.

Directors are of the opinion that the benefits to Trafford Securityholders in voting in favour for the Schemes include:

- A cleaner ownership structure of all assets creating a more compelling investment case.
- A broader commodity exposure.
- The combination of a near production opportunity with extensive exploration assets.
- The consolidation of a strong South Australian position in key areas and commodities.
- A centralised, lower cost administrative burden.
- A consolidated technical and corporate team
- Increased flexibility to advance individual assets as market funding allows.
- Increased flexibility to introduce strategic development partners to advanced projects.
- The removal of duplication and repetition of share ownership.
- Stock liquidity improvement.

The Independent Expert has concluded that the Schemes are in the best interests of Trafford Securityholders.<sup>4</sup>

We therefore encourage you to read the Scheme Booklet carefully and to vote in favour of the Schemes at the relevant meetings of Trafford Securityholders.

Yours sincerely



**Mark Le Grange**  
Director  
Trafford Resources Limited



**Allan Trench**  
Director  
Trafford Resources Limited

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<sup>4</sup> The Independent Expert has concluded that the Share Scheme is fair and reasonable and in the best interests of Trafford Shareholders and that the Option Scheme is fair and reasonable and in the best interests of Trafford Optionholders.

## Meeting details and how to vote

### Voting on Share Scheme

For the Share Scheme to be implemented, it is necessary that the Requisite Majority of Trafford Shareholders vote in favour of passing the resolution to approve the Share Scheme at the Share Scheme Meeting.

To pass the resolution approving the Share Scheme, votes in favour of the Share Scheme must be cast by:

- more than 50% in number of Trafford Shareholders present and voting (whether in person, by proxy, by attorney or, in the case of a corporation, by corporate representative); and
- at least 75% of the total number of votes cast on the Share Scheme Resolution by Trafford Shareholders

Voting at the Share Scheme Meeting will be by poll rather than by show of hands.

**The Notice of Share Scheme Meeting is set out in Annexure F.**

### Voting on Option Scheme

For the Option Scheme to be implemented, it is necessary that the Requisite Majority of Trafford Scheme Optionholders vote in favour of passing the resolution to approve the Option Scheme at the Option Scheme Meeting.

To pass the resolution approving the Option Scheme, votes in favour of the Option Scheme must be cast by:

- more than 50% in number of Trafford Scheme Optionholders present and voting (whether in person, by proxy, by attorney or, in the case of a corporation, by corporate representative); and
- Trafford Scheme Optionholders whose Trafford Scheme Options amount in aggregate to at least 75% (by value) of the total of all Trafford Scheme Options voted by Trafford Scheme Optionholders present and voting at the Option Scheme Meeting on the Option Scheme Resolution.

Details of how the value of voting entitlements on the Option Scheme Resolution will be determined are set out in Section 12.4.

Voting at the Option Scheme Meeting will be by poll rather than by show of hands.

**The Notice of Option Scheme Meeting is set out in Annexure G.**

### Entitlement to vote - Share Scheme

If you are registered as a Trafford Shareholder on the Trafford Share Register as at **5.00pm (WST) on 1 May 2015** you will be entitled to attend the Share Scheme Meeting and vote on the resolution to approve the Share Scheme. Registrable transfers or transmission applications received after this time will be disregarded in determining entitlements to vote at the Share Scheme Meeting.

### Entitlement to vote - Option Scheme

If you are registered as a Trafford Scheme Optionholder on the Trafford Option Register as at **5.00pm (WST) on 1 May 2015** you will be entitled to attend the Option Scheme Meeting and vote on the resolution to approve the Option Scheme. Registrable transfers or transmission applications received after this time will be disregarded in determining entitlements to vote at the Option Scheme Meeting.

### How to vote

Trafford Securityholders may vote at the Scheme Meetings either in person, or by proxy, attorney or, in the case of a corporation, by corporate representative.

Means	Voting instructions
In Person	If you wish to vote in person, you may attend the relevant Scheme Meeting commencing on <b>10am (WST) on 4 May 2015</b> at <b>Bentleys, Level 1, 12 Kings Park Road, West Perth</b> . All persons entitled to vote must register their attendance by disclosing their name at the point of entry to the relevant Scheme Meeting.
By Proxy	You may vote by proxy by completing and returning the personalised proxy form that is provided with this Scheme Booklet.

Means	Voting instructions
	<p>The completed and duly executed proxy form for the Share Scheme Meeting (and if the proxy form is executed by an attorney, a certified copy of the power of attorney) must be received by the registered office of Trafford by no later than <b>10am (WST) on 2 May 2015</b>. Completed proxy forms for the Option Scheme Meeting must be received by the registered office of Trafford by no later than <b>10.30am (WST) on 2 May 2015</b>.</p> <p>A completed proxy form must be returned to Trafford registered office posting it in the reply paid envelope provided (for use in Australia) or by delivering or faxing your proxy form to the address or fax number set out on page 11 of this Scheme Booklet.</p> <p>Trafford Securityholders who have returned a proxy form may still attend the relevant Scheme Meeting in person and revoke the proxy and vote at the Scheme Meeting.</p> <p>A proxy need not be a Trafford Securityholder. A proxy may be an individual or a representative of a body corporate.</p> <p>If you are entitled to cast two or more votes, you may appoint two proxies. You may specify the proportion or the number of votes that each proxy is appointed to exercise. If numbers or proportions of votes are not specified, each proxy may exercise half of the votes you are entitled to cast. Fractions of votes will be disregarded.</p>
<b>By Power of Attorney</b>	<p>Your vote may be cast by a duly authorised attorney. An attorney need not be a Trafford Securityholder.</p> <p>Trafford Securityholders intending to vote by providing a power of attorney must provide a certified copy of the power of attorney to Trafford's registered office:</p> <ul style="list-style-type: none"> <li>• for voting at the Share Scheme Meeting, by no later than <b>10am (WST) on 2 May 2015</b>; and</li> <li>• for voting at the Option Scheme Meeting, by no later than <b>10.30am (WST) on 2 May 2015</b>.</li> </ul> <p>The power of attorney must be delivered by posting it in the reply paid envelope provided (for use in Australia) or by faxing it to the address or fax number provided below (see Address for return of voting forms).</p>
<b>By Corporate Representative</b>	<p>A Trafford Securityholder that is a body corporate may appoint an individual to act as its representative at the relevant Scheme Meeting.</p> <p>To vote by corporate representative at a Scheme Meeting, a corporate Trafford Securityholder should obtain an "Appointment of Corporate Representative" form from Advanced Share Registry Services and complete that form in accordance with its instructions.</p> <p>Corporate representative appointment forms should be provided to the registered office of Trafford by no later than <b>10am (WST) on 2 May 2015</b>.</p>

#### Address for return of voting forms

Trafford Securityholders should mail or fax their proxy forms, power of attorney forms to the registered office of Trafford at the following address or fax number:

Trafford Resources Limited  
 Level 2/679 Murray Street  
 WEST PERTH WA 6005  
 AUSTRALIA  
 Fax: +61 8 9485 1050

Proxy forms and power of attorney forms must be received by **10am (WST) on 2 May 2015 (for the Share Scheme Meeting)** or **10.30am (WST) on 2 May 2015 (for the Option Scheme Meeting)**.

#### Questions on this Scheme Booklet

Trafford Securityholders with any questions in relation to the Schemes, should call the Company Secretary of Trafford on +61 8 9485 1040 between 9.00am and 5.00pm (WST), Monday to Friday, or consult their legal, financial or other professional adviser.

## 1. Key reasons to vote in favour of the Schemes

This Section summarises the key reasons why the Trafford Directors recommend that Trafford Securityholders vote in favour of the Schemes.

This Section should be read in conjunction with Sections 2, 3 and 10, which describe the disadvantages and risks associated with the Schemes; implications if the Schemes do not proceed; and risk factors associated with an investment in New IronClad Shares and New IronClad Options.

### 1.1 The implied value of the Share Scheme Consideration (being 1 New IronClad Share for every 1 Trafford Share on a range of volume weighted average prices (VWAP) of Trafford and IronClad Shares were as follows for a range of dates calculated prior to 23 December 2014, being the last day of full trading, prior to the merger announcement.

Days VWAP	IronClad Cents	Trafford Cents	Representing a Premium
30	.026	.023	11.54%
60	.041	.033	19.51%
90	.059	.05	15.25%

Source: BDO Independent Expert's Report section 11.

Refer to section 11 of the Independent Expert's Report in Annexure A to this Scheme Booklet for further information on share price history.

### 1.2 The Independent Expert has concluded that the Schemes are in the best interests of Trafford Securityholders<sup>5</sup>

BDO Corporate Finance (WA) Pty Ltd, as Independent Expert, has considered the terms of the Share Scheme and has concluded that the Share Scheme is fair and reasonable and in the best interests of Trafford Shareholders.

The Share Scheme is considered fair because the Independent Expert has determined that the preferred value of a share in the Merged Group to be received by Trafford Shareholders as Share Scheme Consideration (being \$0.105) is greater than the preferred value of a Trafford Share prior to the Implementation Date (being \$0.084)

The Share Scheme is considered reasonable by the Independent Expert because the position of Trafford Shareholders if the Share Scheme is approved is more advantageous than the position if the Share Scheme is not approved.

BDO Corporate Finance (WA) Pty Ltd, as Independent Expert, has considered the terms of the Option Scheme and has concluded that the Option Scheme is fair and reasonable and in the best interests of Trafford Scheme Optionholders.

The Option Scheme is considered fair because the value of a Trafford option prior to the Scheme is less than the value of a Merged Entity option following the implementation of the Option Scheme. The Independent Expert considers the Option Scheme to be reasonable and in the best interests of Trafford Scheme Optionholders because the position of Trafford Scheme Optionholders if the Option Scheme is approved is more advantageous than the position if the Option Scheme is not approved.

The Independent Expert's Report is set out in **Annexure A** (in relation to the Share Scheme and Option Scheme) to this Scheme Booklet. The Trafford Directors recommend that Trafford Securityholders read the Independent Expert's Report in full.

### 1.3 The Trafford Directors unanimously recommend that Trafford Securityholders vote in favour of the Schemes in the absence of a Superior Proposal

Before agreeing to implement the Schemes in accordance with the Merger Implementation Agreement between IronClad and Trafford, the Independent Trafford Directors considered:

<sup>5</sup> The Independent Expert has concluded that the Share Scheme is fair and reasonable and in the best interests of Trafford Shareholders and that the Option Scheme is fair and reasonable and in the best interests of Trafford Optionholders.

- the challenges facing the continued operation of Trafford as a standalone entity;
- the ongoing review of possible corporate options to assist in the development of its assets; and
- the potential for alternative Superior Proposals to arise after the announcement of the Merger between Trafford and IronClad.

The Trafford Directors consider that the reasons to vote in favour of the Schemes outweigh the potential disadvantages and reasons to vote against the Schemes. Therefore, the Trafford Directors unanimously recommend that, in the absence of a Superior Proposal, Trafford Securityholders vote in favour of the Schemes.

The decision of the Trafford Directors to recommend the Merger follows an extensive assessment of strategic options for the Company over the past 6 months in regards to various corporate, asset and financial options available to Trafford to enhance value for Trafford Shareholders. The Trafford Directors consider that the Schemes will deliver greater benefits to Trafford Shareholders than any other alternative currently available, including Trafford continuing as a standalone entity.

Now that the Independent Expert has concluded that the Schemes are in the best interests of Trafford Securityholders, each Trafford Director intends, in the absence of a Superior Proposal, to vote to approve the Schemes in respect of any Trafford Shares and/or Trafford Options they own or control.

In considering this recommendation, Trafford Securityholders should be aware that Mr Ian Finch and Mr Neil McKay are directors of, and hold securities in, both IronClad and Trafford. For further details regarding the securityholding interests of Messrs Finch and McKay, please refer to Sections 6.7 and 7.7.

Since the announcement of the Merger on 24 December 2014, and as at the date of this Scheme Booklet, no approaches have been made to Trafford to either discuss or make a Superior Proposal. It is possible that a Superior Proposal could be received in the future, although this is considered unlikely by the Trafford Directors.

#### **1.4 No Superior Proposal has emerged both before and after the Announcement Date**

In deciding to recommend the Merger, the Trafford Directors were cognisant of other potential alternatives to the Merger which remain open for Trafford to consider if the Merger does not proceed. However, in exploring alternatives, no Superior Proposals have emerged. It therefore remains the view of the Trafford Directors that it is unlikely that a Superior Proposal will transpire. However, any offer capable of acceptance will be considered and put to Trafford Shareholders should it emerge.

#### **1.5 Removes duplication/repetition of share ownership**

If the Schemes are approved, the Merged Group will consolidate its share registry.

#### **1.6 Creation of a Merged Group with a stronger financial position**

The implementation of the Schemes will bring about a Merged Group with a stronger financial position with combined net assets of \$13 million. This may improve the Merged Group's ability to raise additional capital, as well as potentially improving liquidity. This will benefit both Trafford Shareholders and Trafford Scheme Optionholders.

#### **1.7 Creation of a Merged Group with a larger and more diversified portfolio of assets**

The Merger will provide Trafford Shareholders with a larger and more diversified portfolio of assets and the Merged Group will also experience improved flexibility in choosing which projects to develop, thereby reducing development risk and maximising potential shareholder value. A more diversified portfolio of assets also reduces the risks of the Merged Group.

#### **1.8 Cleaner ownership structure of assets**

If the Schemes are implemented, the Merged Group will hold 100% of the Wilcherry Hill iron ore projects as well as the tin and gold occurrences at the Weednanna Prospect. With a cleaner ownership structure, the Merged Group may benefit from cost and pricing synergies, as well as an increased attractiveness to potential investors. This may improve the Merged Group's prospects of raising the required funding to further develop its projects.

**1.9 Consolidates strong South Australian position in key areas and commodities**

If the Schemes are approved, the Merged Group will become a significant tenement holder in South Australia, combining near production with extensive exploration assets. That may increase the flexibility to introduce strategic development partners to advance projects and advance individual technical assets as market funding allows.

**1.10 The Merged Group can utilise operating cost synergies**

If the Schemes are approved, the Merged Group is likely to benefit from operating cost synergies. In particular, if the Merged Group were to progress the Wilcherry Hill Project to production, capital expenditure costs would be reduced as the Merged Group could utilise infrastructure assets already owned by IronClad.

Similarly, if the Schemes are approved, the Merged Group will be able to utilise administrative cost synergies by removing the duplication of head office and corporate costs. This will enhance value to shareholders in the long term.

Following the implementation of the Schemes, the IronClad Board will be retained as the Board of the Merged Group. Therefore, if the Schemes are implemented, the two Independent Directors of Trafford will not be part of the Board of the Merged Group. This lowers the salary and administrative costs of the Merged Group, therefore enhancing shareholder value.

**1.11 Continuation as a going concern**

Trafford's auditor for the year ended 30 June 2014 issued an "emphasis of matter" relating to the ability of Trafford to continue as a going concern. If the Schemes are approved, Trafford will gain access to IronClad's cash and infrastructure assets, which may increase the ability of Trafford to raise funds. Therefore, the Schemes are likely to aid Trafford in continuing as a going concern in the near future. However it should be noted that there is no guarantee that IronClad will have excess cash in the future nor that either IronClad or Trafford will be a going concern in the future and that this may be dependent upon the ability of the Merged Group to raise capital in the future. The auditor of Trafford and IronClad has issued their reports for financial period ending 30 June 2014 and 31 December 2014 with emphasis of matter on going concern which indicate the existence of a material uncertainty whether each entity would continue as going concern and whether it would realise its assets and extinguish its liabilities in the normal course of business and at the amount stated in the financial report.

**1.12 Likelihood of increased liquidity in the shares of the Merged Group**

If the Schemes are approved, Trafford will gain access to IronClad's infrastructure assets, which will allow a faster and more cost effective development of its exploration assets. The anticipated increased level of activities from a more advanced staged asset portfolio is likely to increase the depth and liquidity of the Merged Group's shares.

## 2. Potential disadvantages and risks associated with the Schemes

This Section summarises the potential disadvantages and risks to Trafford Securityholders if the Schemes become Effective and the Merger occurs.

The Trafford Directors consider that these disadvantages and risks are out-weighed by the advantages of the Schemes (as set out in Section 1), and that the Schemes are in the best interests of Trafford Securityholders.

Further details of the following potential disadvantages and risks, and other potential risks, are set out in Section 10.

### 2.1 You may consider that there is the potential for a Superior Proposal to be made to Trafford in the foreseeable future

You may believe that there is a possibility that a Superior Proposal could emerge in the foreseeable future. However, since the Announcement Date on 24 December 2014 and up to the date of this Scheme Booklet, no Alternative Proposal has been received.

If a Superior Proposal emerges, this will be announced to ASX and the Independent Trafford Directors will carefully reconsider the Merger and advise Trafford Shareholders of their recommendation (subject to the Exclusivity and Reimbursement Fee provisions of the Merger Implementation Agreement).

### 2.2 You may not agree with the recommendation of the Schemes by the Trafford Directors and the Independent Expert that the Schemes are in the best interests of Trafford Securityholders

You may disagree with the recommendation of your Trafford Directors and the conclusions of the Independent Expert, who have both concluded that the Schemes are in the best interests of Trafford Shareholders and Trafford Scheme Optionholders, in the absence of a Superior Proposal.<sup>6</sup>

### 2.3 The Share Scheme Consideration is a fixed ratio of IronClad Shares to Trafford Shares and therefore there is a risk that the effective value you receive under the Share Scheme moves adversely from the market value on the date of the Share Scheme Meeting

The Share Scheme Consideration is fixed at a ratio of 1 New IronClad Share for every 1 Trafford Share. This exposes Trafford Shareholders to the risk that the effective value they receive for their Trafford Shares may move adversely from the market value of the Share Scheme Consideration on the date of the Share Scheme Meeting. Alternatively, if there is an increase in the relative price of IronClad Shares then the effective value they receive for their Trafford Shares may move favourably from the market value of the Share Scheme Consideration on the date of the Share Scheme Meeting.

### 2.4 The tax consequences of the Schemes may not suit your current financial position

If the Schemes are implemented, you may incur tax on the transfer of your Trafford Shares or cancellation of your Trafford Scheme Options. Please refer to Section 11 for further information on tax implications.

All Trafford Securityholders are advised to seek independent professional advice about their particular circumstances including, for non-resident Trafford Securityholders, the foreign tax consequences.

### 2.5 The risk profile of the Merged Group will change which you may consider to be disadvantageous to you relative to the risk profile of the current Trafford business

The risk profile and risk of investment for Trafford Securityholders will change and you may consider the risk profile and risk of investment of the Merged Group to be disadvantageous relative to that of Trafford as a standalone entity.

### 2.6 Your percentage interest in the Merged Group will be reduced relative to your current interest in Trafford and therefore any returns generated by the current Trafford project portfolio in the Merged Group will be shared with current IronClad Shareholders

Although the Merger is expected to provide additional value through the combination of the two businesses, given the proportional shareholding of Trafford Shareholders in the Merged Group, approximately 46% of this value will flow to current IronClad Shareholders. However, while a share of the benefits will flow to

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<sup>6</sup> The Independent Expert has concluded that the Share Scheme is fair and reasonable and in the best interests of Trafford Shareholders and that the Option Scheme is fair and reasonable and in the best interests of Trafford Optionholders.

IronClad's existing shareholders, in the absence of the Merger, no value from synergies will arise for Trafford Shareholders

**2.7 You may want Trafford to continue as an independent entity**

You may believe Trafford will deliver greater returns if it remains an independent company or that Trafford Securityholders will be exposed to greater risks as part of the Merged Group.



### **3. Implications if the Schemes are not implemented**

This Section outlines potential implications for Trafford and Trafford Securityholders if the Schemes are not implemented.

#### **3.1 You will not receive the Scheme Consideration**

Each Trafford Securityholder will retain their Trafford Securities and will not receive any New IronClad Shares and/or New IronClad Options.

#### **3.2 Future capital requirements to fund development of Trafford's projects**

If the Share Scheme is not implemented then in order for Trafford to develop its project portfolio it will need to raise additional funds, which would necessarily include an equity issue. Without the benefit of the cash reserves and assets available in IronClad, Trafford may have difficulty raising the required funds in the current difficult market conditions. Even if the requisite equity capital could be raised, in the current market there is a likelihood that such a raising would need to be done at a significant discount to the Trafford market share price which would be dilutive to current Trafford Shareholders.

#### **3.3 Trafford will remain listed on ASX and continue to operate as a standalone entity**

If the Share Scheme is not implemented, Trafford will remain listed on ASX and will continue to run its business in the same manner in which it is currently operating. Trafford Securityholders will therefore continue to be exposed to the risks and benefits of owning Trafford Securities, including many of the risks set out in Section 10.

#### **3.4 Trafford Share price may fall**

The Trafford Directors expect that if the Share Scheme is not implemented the Trafford Share price would be likely to trade below its recent trading price, although it is not possible to predict the Trafford Share price movement with any degree of certainty.

#### **3.5 Transaction costs will be incurred**

If the Schemes are not implemented, Trafford's transaction costs of approximately \$120,000 (excluding GST) will be borne by Trafford.

Under the Merger Implementation Agreement, a Reimbursement Fee of \$120,000 (excluding GST) may become payable by Trafford to IronClad, or by IronClad to Trafford, in certain circumstances. Failure of Trafford Shareholders to approve the Schemes at the Scheme Meetings will not trigger an obligation to pay the Reimbursement Fee.

Further details of the circumstances in which a Reimbursement Fee may become payable are set out in Section 13.6.

#### **3.6 Implications specific to Option Scheme**

If the Share Scheme is approved but the Option Scheme is not approved, and the Option Scheme being approved is preventing the Share Scheme from becoming Effective, then IronClad may waive the Scheme Condition relating to the Option Scheme being approved by the Court to allow the Share Scheme to proceed.

In these circumstances, IronClad will acquire all of the Trafford Shares but Trafford Scheme Optionholders will continue to hold their Trafford Scheme Options. Trafford would be de-listed from ASX, meaning there will not be an active market for any Trafford Shares issued to Trafford Scheme Optionholders on the exercise of their Trafford Scheme Options. Further, IronClad may have a right to compulsorily acquire the Trafford Scheme Options after the Share Scheme is implemented. Please refer to Section 12.13 for further information.

#### **3.7 Uncertainty regarding the proposed Merger may lead to the loss of key personnel**

The proposed Merger may introduce additional uncertainties that may lead to the loss of key staff. This will affect Trafford operations, even if the Schemes do not proceed.

The Trafford Directors and the IronClad Directors are not aware of any key employee who may wish to terminate their contractual relations with Trafford at this time.

#### 4. Frequently asked questions

This Section provides summary answers to some basic questions that Trafford Securityholders may have in relation to the Schemes. This Section should be read in conjunction with the whole Scheme Booklet.

<p><b>What is the Share Scheme?</b></p>	<p>A scheme of arrangement is a statutory procedure that is commonly used to enable one company to acquire or merge with another.</p> <p>The Share Scheme is a scheme of arrangement under the Corporations Act, pursuant to which Trafford is asking Trafford Shareholders to consider and vote on a proposal that IronClad will acquire all the Trafford Shares held by Trafford Shareholders as at the Record Date (5.00pm on 11 May 2015).</p> <p><i>Refer to Sections 5 and 12 for further information.</i></p>
<p><b>What is the Option Scheme?</b></p>	<p>The Option Scheme is a separate scheme of arrangement pursuant to which Trafford is asking Trafford Scheme Optionholders to consider and vote on a proposal under which all Trafford Scheme Options held by Trafford Scheme Optionholders as at the Record Date (5.00pm on 11 May 2015) will be cancelled for the Option Scheme Consideration.</p> <p><i>Refer to Sections 5 and 12 for further information.</i></p>
<p><b>What is the effect of the Schemes?</b></p>	<p>If the Schemes become Effective:</p> <ul style="list-style-type: none"> <li>• all Trafford Shares as at 5.00pm on the Record Date will be transferred to IronClad;</li> <li>• Trafford will become a wholly-owned subsidiary of IronClad and will be de-listed from ASX;</li> <li>• all Share Scheme Participants (other than Ineligible Foreign Shareholders) as at 5.00pm on the Record Date will receive the Share Scheme Consideration irrespective of whether they voted for or against the Share Scheme;</li> <li>• Ineligible Foreign Shareholders will receive Cash Proceeds instead of New IronClad Shares as their Share Scheme Consideration irrespective of whether they voted for or against the Scheme;</li> <li>• all Trafford Scheme Options as at 5.00pm on the Record Date will be cancelled; and</li> <li>• all Option Scheme Participants (other than Ineligible Foreign Optionholders) as at 5.00pm on the Record Date will receive the Option Scheme Consideration irrespective of whether they voted for or against the Option Scheme.</li> </ul> <p><i>Refer to Section 5.9 for further information on the treatment of Ineligible Foreign Shareholders and Ineligible Foreign Optionholders.</i></p>
<p><b>What does the Independent Expert say about the Schemes?</b></p>	<p>The Independent Expert has concluded that the Share Scheme is in the best interests of Trafford Shareholders because the Share Scheme is fair and reasonable.</p> <p>The Independent Expert has concluded that the Option Scheme is fair and reasonable and is in the best interests of Trafford Scheme Optionholders.</p> <p>The Independent Expert's Report is included in Annexure A (in relation to the Share Scheme and the Option Scheme) to this Scheme Booklet and you are encouraged to read it in full.</p>
<p><b>What do the Trafford Directors recommend?</b></p>	<p>The Trafford Directors unanimously recommend that, in the absence of a Superior Proposal, Trafford Securityholders vote in favour of the Schemes. Each Trafford Director who holds or controls Trafford Securities intends to vote in favour of the Schemes, in the absence of a Superior Proposal.</p> <p>In considering this recommendation, Trafford Securityholders should be aware that Mr Ian Finch and Mr Neil McKay are directors of, and hold securities in, both IronClad and Trafford. For further details regarding the securityholding interests of Messrs Finch and McKay, please refer to Sections 6.7 and 7.7.</p> <p><i>Refer to Sections 1 and 3 for further information on the reasons for the Trafford Directors' recommendation.</i></p>

<p><b>Who is entitled to participate in the Share Scheme?</b></p>	<p>Trafford Shareholders on the Trafford Share Register as at 5.00pm on the Record Date are entitled to participate in the Share Scheme. If the Share Scheme is approved and implemented, Share Scheme Participants (other than Ineligible Foreign Shareholders) will receive New IronClad Shares as their Share Scheme Consideration.</p> <p>Ineligible Foreign Shareholders will not receive New IronClad Shares, but will instead receive Cash Proceeds as their Share Scheme Consideration after their proportional share of brokerage and other costs are deducted from the Cash Proceeds.</p> <p><i>Refer to Section 5.9 for further information on the treatment of Ineligible Foreign Shareholders.</i></p>
<p><b>Who is entitled to participate in the Option Scheme?</b></p>	<p>Trafford Scheme Optionholders on the Trafford Option Register as at 5.00pm on the Record Date are entitled to participate in the Option Scheme. If the Option Scheme is approved and implemented, Option Scheme Participants (other than Ineligible Foreign Optionholders) will receive New IronClad Options as their Option Scheme Consideration.</p> <p>Ineligible Foreign Optionholders will not receive New IronClad Options, but will instead receive Cash Proceeds as their Option Scheme Consideration after their proportional share of brokerage and other costs are deducted from the Cash Proceeds.</p> <p><i>Refer to Section 5.9 for further information on the treatment of Ineligible Foreign Optionholders.</i></p>
<p><b>What happens to the Trafford Performance Rights?</b></p>	<p>All Trafford Performance Rights will vest in accordance with their terms upon the Court making orders under section 411(4)(b) of the Corporations Act approving the Share Scheme. The holders of the Trafford Performance Rights will be issued with New IronClad Shares on a 1 for 1 basis. Further details on the terms and conditions of Trafford Performance Rights can be found in the ASX Announcement dated 28 October 2010 - Notice of Trafford Annual General Meeting which was held on 29 November 2010 where the Trafford Employee Incentive Scheme was approved.</p>
<p><b>What happens if either the Share Scheme or Option Scheme is not approved?</b></p>	<p>If the Share Scheme is not approved, regardless of whether the Option Scheme is approved, the Merger will not proceed and Trafford will continue to operate as a stand-alone entity, listed on ASX.</p> <p>If the Share Scheme is approved but the Option Scheme is not approved, the Share Scheme will not proceed and Trafford will continue to operate as a stand-alone entity, listed on ASX unless the Scheme Condition in clause 2.2(n) of the Merger Implementation Agreement (being the Scheme Condition that makes the Share Scheme conditional on the Option Scheme being approved by the Court on terms that are reasonably acceptable to the parties) is waived by IronClad.</p> <p>In circumstances where the Scheme Condition in clause 2.2(n) of the Merger Implementation Agreement is waived by IronClad, the Merger will still proceed and IronClad will acquire all of the Trafford Shares, but Trafford Scheme Optionholders will continue to hold their Trafford Scheme Options. In those circumstances, Trafford would be de-listed from ASX, meaning there is unlikely to be an active market for any Trafford Shares issued to Trafford Scheme Optionholders on any exercise of their Trafford Scheme Options. Further, IronClad may have a right to compulsorily acquire the Trafford Scheme Options after the Share Scheme is implemented. Please refer to Section 12.13 for further information.</p>
<p><b>When and where will the Scheme Meetings be held?</b></p>	<p>The Share Scheme Meeting will be held at 10am (WST), and the Option Scheme Meeting will be held at the later of 10.30am (WST) and the conclusion of the Share Scheme Meeting, on 4 May 2015 at Bentleys, Level 1, 12 Kings Park Road, West Perth, Western Australia.</p>
<p><b>Who is entitled to vote on the Share Scheme?</b></p>	<p>Trafford Shareholders who are recorded as members on the Trafford Share Register as at 5.00pm on 1 May 2015, are entitled to vote at the Share Scheme Meeting.</p>
<p><b>Who is entitled to vote on the Option Scheme?</b></p>	<p>Trafford Scheme Optionholders who are recorded as holders of Trafford Scheme Options on the Trafford Option Register as at 5.00pm on 1 May 2015, are entitled to vote at the Option Scheme Meeting.</p>

<b>Is voting compulsory?</b>	<p>Voting is not compulsory. However, your vote is important in deciding whether the Schemes are approved. Trafford Securityholders are strongly encouraged to vote.</p> <p>Trafford Securityholders who cannot attend the relevant Scheme Meeting may complete and return the personalised proxy form (enclosed with this Scheme Booklet) or alternatively appoint a representative with a power of attorney.</p>
<b>What voting majority is required to approve the Schemes?</b>	<p>For the Share Scheme to be approved by Trafford Shareholders, votes in favour of the Share Scheme must be received from:</p> <ul style="list-style-type: none"> <li>• a majority in number (more than 50%) of Trafford Shareholders present and voting at the Share Scheme Meeting (in person, by proxy, by attorney or, in the case of corporate Trafford Shareholders, by corporate representative); and</li> <li>• Trafford Shareholders who together hold at least 75% of the total number of votes cast on the Share Scheme Resolution.</li> </ul> <p>Likewise, the Option Scheme must be approved at the Option Scheme Meeting by a majority in number (more than 50%) of Trafford Scheme Optionholders present and voting at the meeting (either in person or by proxy) and by Trafford Scheme Optionholders whose Trafford Scheme Options amount in aggregate to at least 75% (by value) of the total of all Trafford Scheme Options voted by Trafford Scheme Optionholders who vote at the Option Scheme Meeting.</p> <p><i>Refer to Section 12.4 for further information.</i></p>
<b>What are the Scheme Conditions?</b>	<p>The Scheme Conditions that have not already been satisfied are described in Sections 12.2 and 13.1.</p> <p>The Share Scheme will only be implemented if, amongst other things:</p> <ul style="list-style-type: none"> <li>• the Requisite Majority of Trafford Shareholders approve the Share Scheme;</li> <li>• the Court approves the Share Scheme;</li> <li>• the remainder of the Scheme Conditions are satisfied; and</li> <li>• the Option Scheme is approved by the Court on terms that are reasonably acceptable to the parties (this condition may be waived by IronClad in its sole discretion).</li> </ul> <p>The Option Scheme will only be implemented if, amongst other things:</p> <ul style="list-style-type: none"> <li>• the Requisite Majority of Trafford Scheme Optionholders approve the Option Scheme;</li> <li>• the Court approves the Option Scheme; and</li> <li>• the Share Scheme is approved by the Court on terms that are reasonably acceptable to the parties.</li> </ul> <p>At the date of this Scheme Booklet the Trafford Directors are not aware of any Scheme Condition that is likely to prevent the Schemes becoming Effective and the Merger progressing.</p>
<b>What happens if one or more of the Scheme Conditions are not satisfied or waived?</b>	<p>The Schemes will not be implemented, and Trafford and IronClad will continue as separate entities, with each company bearing its own costs incurred as a result of the proposed Merger.</p> <p><i>Refer to Section 3 for further information.</i></p>
<b>If the Schemes are implemented, what will happen to Trafford's IronClad Shares?</b>	<p>If the Share Scheme is implemented, IronClad will (indirectly) acquire Trafford's 26.59% shareholding in IronClad. It is IronClad's current intention to cancel Trafford's IronClad Shares within 12 months, subject to IronClad shareholder approval. While the IronClad Shares are indirectly held by IronClad, they will have no voting rights.</p>
<b>What if I am an Ineligible Foreign Shareholder?</b>	<p>New IronClad Shares will not be issued to Ineligible Foreign Shareholders under the Share Scheme. New IronClad Shares that would otherwise have been issued to Ineligible Foreign Shareholders will instead be issued to the Sale Agent who will then sell these shares on ASX, and IronClad will pay the Ineligible Foreign Shareholders their proportion of the Cash Proceeds received from that sale (net of costs including brokerage).</p> <p><i>Refer to Section 5.9 for further information.</i></p>

<p><b>What if I am an Ineligible Foreign Optionholder?</b></p>	<p>New IronClad Options will not be issued to Ineligible Foreign Optionholders under the Option Scheme. New IronClad Options that would otherwise have been issued to Ineligible Foreign Optionholders will instead be issued to the Sale Agent who will then sell these options on ASX, and IronClad will pay the Ineligible Foreign Optionholders their proportion of the Cash Proceeds received from that sale (net of costs including brokerage).</p> <p><i>Refer to Section 5.9 for further information.</i></p>
<p><b>Will I have to pay brokerage fees or stamp duty?</b></p>	<p>Scheme Participants will not be required to pay brokerage or stamp duty on the transfer of their Trafford Shares or the cancellation of their Trafford Scheme Options.</p> <p>Brokerage fees will however be incurred by Ineligible Foreign Shareholders and Ineligible Foreign Optionholders whose attributable New IronClad Shares and New IronClad Options will be issued to and sold by the Sale Agent, and the Cash Proceeds of the sale remitted to them.</p> <p><i>Refer to Section 5.9 for further information.</i></p>
<p><b>When will I receive my Share Scheme Consideration and/or my Option Scheme Consideration?</b></p>	<p>If the Share Scheme becomes Effective, New IronClad Shares will be issued on the Implementation Date, which is expected to be 15 May 2015.</p> <p>Ineligible Foreign Shareholders will receive Cash Proceeds as soon as practicable after the Implementation Date.</p> <p>If the Option Scheme becomes Effective, the Option Scheme Consideration will also be paid on the Implementation Date.</p> <p>Ineligible Foreign Optionholders will receive Cash Proceeds as soon as practicable after the Implementation Date.</p> <p><i>Refer to Sections 5.2 and 5.3 for further information.</i></p>
<p><b>Can I sell my Trafford Shares now?</b></p>	<p>Trafford Shareholders may sell their Trafford Shares at the prevailing market price, on market at any time before the close of trading on ASX on the Effective Date, which is expected to be 6 May 2015.</p> <p>If Trafford Shareholders sell their Trafford Shares before the Effective Date of the Share Scheme (the last day of trading in Trafford Shares before suspension) they will not receive New IronClad Shares.</p>
<p><b>When can I start trading my New IronClad Shares and New IronClad Options on ASX?</b></p>	<p>Deferred settlement trading of the New IronClad Shares and New IronClad Options is expected to be available from 7 May 2015.</p> <p>Trading on ASX of New IronClad Shares and New IronClad Options is expected to commence on a normal settlement basis on 18 May 2015.</p> <p><i>Refer to Section 12.9 for further information.</i></p>
<p><b>Will the Schemes be a taxable transaction for Australian tax purposes?</b></p>	<p>Section 11 provides a description of the general tax implications of the Schemes for Australian tax residents. You should consult with your own tax adviser regarding the consequences of disposing of Trafford Securities under the Schemes, in light of current tax laws and your particular investment circumstances.</p> <p>Tax consequences can vary according to a Scheme Participant's particular circumstances. Each Scheme Participant should consult his/her own tax adviser as to the consequences of participating in the Schemes.</p> <p><i>Refer to Section 11 for further information.</i></p>
<p><b>What happens if a Superior Proposal emerges?</b></p>	<p>It is possible that a Superior Proposal for Trafford, which is more attractive for Trafford Shareholders than the Merger, will emerge in the future.</p> <p>The Trafford Directors have not received such a Superior Proposal since Trafford and IronClad announced the Merger, despite the significant period for such a proposal to emerge.</p> <p>If a Superior Proposal emerges, this will be announced to ASX and the Independent Trafford Directors will carefully reconsider the Merger and advise you of their recommendation (subject to the exclusivity and Reimbursement Fee provisions of the Merger Implementation Agreement).</p>
<p><b>What other information is available?</b></p>	<p>For further information, contact the Company Secretary of Trafford on +61 8 9485 1040 between 9.00am and 5.00pm (WST), Monday to Friday.</p> <p>If you are in doubt as to what you should do, you should consult your legal, financial or other professional adviser.</p>

<p><b>What if there are delays in the timetable?</b></p>	<p>The Option Scheme will lapse, if there are delays in the timetable set out in the Section entitled “Important dates and times” such that the Trafford Scheme Options expire in accordance with their terms on 20 May 2015 before the Record Date (expected to be 11 May 2015), and no New IronClad Options will be issued. No consideration will be issued to the former holders of Trafford Scheme Options in these circumstances.</p> <p>The Merger will then only proceed with IronClad acquiring all of the Trafford Shares if the Scheme Condition in clause 2.2(n) of the Merger Implementation Agreement (being the Scheme Condition that makes the Share Scheme conditional on the Option Scheme being approved by the Court on terms that are reasonably acceptable to the parties) is waived by IronClad.</p> <p><i>Refer to Section 5 for further information.</i></p>
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## 5. Overview of the Schemes

### 5.1 Summary of the proposed Schemes

A scheme of arrangement is a statutory procedure that is commonly used to enable one company to acquire or merge with another. The Share Scheme is the mechanism by which Trafford Shareholders may approve the Merger of Trafford and IronClad.

If implemented, the Share Scheme will have the following effect:

- (a) all Trafford Shares will be transferred from existing Trafford Shareholders to IronClad in return for the Share Scheme Consideration;
- (b) Trafford will become a wholly-owned subsidiary of IronClad, and Trafford will be de-listed from ASX;
- (c) Share Scheme Participants will become shareholders in IronClad;
- (d) Ineligible Foreign Shareholders will receive the Cash Proceeds of the sale of the New IronClad Shares that would otherwise be issued to them net of brokerage and other costs; and
- (e) the strategic direction for the development of Trafford's existing projects will be determined by the IronClad Board.

Trafford is also undertaking a separate scheme of arrangement between Trafford and Trafford Scheme Optionholders which, if implemented, will result in the cancellation of the Trafford Scheme Options and Option Scheme Participants becoming holders of New IronClad Options.

Implementation of the Schemes is subject to the Scheme Conditions being satisfied, including the condition that the Share Scheme may only be implemented if Trafford Shareholders vote in favour of the Share Scheme at the Share Scheme Meeting. A summary of the Scheme Conditions which have not already been satisfied and the steps necessary to implement the Schemes appears in Section 12.2.

### 5.2 Share Scheme Consideration

If the Share Scheme becomes Effective, each Share Scheme Participant (other than Ineligible Foreign Shareholders), will receive 1 New IronClad Share for every 1 Trafford Share they hold as at 5.00pm on the Record Date. The Share Scheme Consideration of New IronClad Shares will be issued by IronClad on the Implementation Date, which is expected to be 15 May 2015.

Ineligible Foreign Shareholders will not be issued with New IronClad Shares. Instead, the New IronClad Shares that would otherwise have been issued to them will be issued to the Sale Agent on their behalf and they will be sold on ASX. The Cash Proceeds of the sale of these New IronClad Shares less brokerage and other costs will then be paid the Ineligible Foreign Shareholders.

Further details of the Share Scheme Consideration for Ineligible Foreign Shareholders are set out at Section 5.9.

### 5.3 Option Scheme Consideration

If the Option Scheme becomes Effective, each Option Scheme Participant (other than Ineligible Foreign Optionholders) will receive 1 New IronClad Option for every 1 Trafford Scheme Option they hold as at 5.00pm on the Record Date. The Option Scheme Consideration of New IronClad Options will be issued by IronClad on the Implementation Date, which is expected to be 15 May 2015. The terms and conditions of the relevant New IronClad Options are set out at Annexure H.

The Trafford Scheme Options are due to expire in accordance with their terms on 20 May 2015. The Option Scheme will lapse, if there are delays in the timetable such that the Record Date (currently expected to be 11 May 2015) falls after 20 May 2015, and no New IronClad Options will be issued. No consideration will be issued to the former holders of Trafford Scheme Options in these circumstances. The Merger will then only proceed with IronClad acquiring all of the Trafford Shares if the Scheme Condition in clause 2.2(n) of the Merger Implementation Agreement (being the Scheme Condition that makes the Share Scheme conditional on the Option Scheme being approved by the Court on terms that are reasonably acceptable to the parties) is waived by IronClad.

#### 5.4 Scheme Meetings

On 30 March 2015, the Court ordered that the Scheme Meetings be convened in accordance with the Notice of Share Scheme Meeting and the Notice of Option Scheme Meeting.

The Share Scheme Meeting will be held at 10am (WST), and the Option Scheme Meeting will be held at the later of 10.30am (WST) and the conclusion of the Share Scheme Meeting, on 4 May 2015 at Bentleys, Level 1, 12 Kings Park Road, West Perth, Western Australia.

Trafford Scheme Optionholders who wish to attend the Option Scheme Meeting only should ensure they are present at the venue for the meeting by no later than 10.30am (WST) on 4 May 2015.

The fact that the Court has ordered that the Scheme Meetings be convened is not an endorsement of, or expression of opinion on, the Schemes by the Court and is no indication that the Court has a view as to the merits of the Schemes or as to how Trafford Securityholders should vote at the relevant Scheme Meeting. On these matters, Trafford Securityholders must make their own decision.

#### 5.5 Unanimous recommendation of the Trafford Directors

The Trafford Directors unanimously recommend that, in the absence of a Superior Proposal and subject to the Independent Expert maintaining its conclusion that the Schemes are in the best interests of Trafford Securityholders, Trafford Securityholders vote in favour of the Schemes at the Scheme Meetings.

The Trafford Directors believe that the reasons for Trafford Securityholders to vote in favour of the Schemes outweigh the potential disadvantages and reasons to vote against the Schemes. Each Trafford Director who holds Trafford Shares and/or Trafford Scheme Options or on whose behalf Trafford Shares and/or Trafford Options are held at the time of the Scheme Meetings intends, in the absence of a Superior Proposal, to vote in favour of the Schemes.

In considering this recommendation, Trafford Securityholders should be aware that Mr Ian Finch and Mr Neil McKay are directors of, and hold securities in, both IronClad and Trafford. For further details regarding the securityholding interests of Messrs Finch and McKay, please refer to Sections 6.7 and 7.7.

In making their recommendation and determining how to vote on the Schemes, the Trafford Directors have considered:

- (a) the advantages and disadvantages of the Schemes, as summarised in Sections 1 and 2;
- (b) the implications of the Schemes not being approved, as summarised in Section 3;
- (c) the opinion of the Independent Expert (refer to Section 5.6), that the Schemes are in the best interests of Trafford Securityholders; and
- (d) the alternative arrangements to the Schemes that might have otherwise been available to Trafford.

#### 5.6 Independent Expert's conclusion

Trafford commissioned the Independent Expert, BDO Corporate Finance (WA) Pty Ltd, to prepare a report on whether the Schemes are in the best interests of Trafford Securityholders.

The Independent Expert has concluded that the Share Scheme is **fair and reasonable** and in the **best interests of Trafford Shareholders**.

The Independent Expert has concluded that the Option Scheme is **fair and reasonable** and in the **best interests of Trafford Scheme Optionholders**.

The Independent Expert's Report is set out in Annexure A (in relation to the Share Scheme and the Option Scheme).

### 5.7 Tax consequences of the Share Scheme and trading and holding New IronClad Shares for Australian resident Trafford Shareholders

A general guide to the Australian tax consequences for the Share Scheme for Share Scheme Participants who are Australian residents is set out in Section 11. This guide is not intended to provide specific tax advice in respect of the individual circumstances of any Trafford Shareholder. Accordingly, Trafford Shareholders should seek their own taxation advice.

### 5.8 Tax consequences of the Option Scheme and holding New IronClad Options for Australian resident Trafford Scheme Optionholders

A general guide to the Australian tax consequences for the Option Scheme for Option Scheme Participants who are Australian residents is set out in Section 11. This guide is not intended to provide specific tax advice in respect of the individual circumstances of any Trafford Scheme Optionholder. Accordingly, Trafford Scheme Optionholders should seek their own taxation advice.

### 5.9 Ineligible Foreign Shareholders and Ineligible Foreign Optionholders

IronClad is not obliged to issue New IronClad Shares and/or New IronClad Options as consideration to any foreign holder (being a Trafford Shareholder and/or Trafford Scheme Optionholder whose address in the Trafford Share Register or Trafford Option Register is in a jurisdiction other than Australia or its external territories, New Zealand or Singapore), unless IronClad is satisfied that the laws of a particular foreign holder's country of residence (as shown in the Trafford Share Register or Trafford Option Register) would permit the issue and allotment of New IronClad Shares and/or New IronClad Options to that foreign holder, either unconditionally or after compliance with conditions which IronClad in its sole discretion regards as acceptable and not unduly onerous.

The New IronClad Shares and/or New IronClad Options that would have been issued to these Ineligible Foreign Shareholders and Ineligible Foreign Optionholders will be issued to the Sale Agent on the Implementation Date.

IronClad will:

- (a) procure that, as soon as reasonably practicable (and in any event not more than 15 Business Days after the Implementation Date), the Sale Agent sells or procures the sale on ASX of all of the New IronClad Shares and/or New IronClad Options issued to the Sale Agent (in relation to Ineligible Foreign Shareholders and Ineligible Foreign Optionholders) in such manner, at such price and on such other terms as the Sale Agent determines in good faith; and
- (b) promptly pay to the Ineligible Foreign Shareholders and Ineligible Foreign Optionholders their proportion of the Cash Proceeds, being the net cash proceeds of the sale of the relevant New IronClad Shares and/or New IronClad Options after deduction of any applicable brokerage and other selling costs, taxes and charges. Brokerage of 1% will be charged on the gross dollar value of all sales or \$500 plus applicable GST, whichever is greater.

Under the Schemes, Ineligible Foreign Shareholders and Ineligible Foreign Optionholders appoint Trafford as their agent to receive any financial services guide or other notice given by the Sale Agent. Copies of any document Trafford receives from the Sale Agent as agent for the Ineligible Foreign Shareholders and Ineligible Foreign Optionholders can be obtained by contacting Trafford's company secretary.

Trafford, IronClad and the Sale Agent give no assurance as to the price that will be achieved for the sale of New IronClad Shares and/or New IronClad Options described above. The Cash Proceeds that Ineligible Foreign Shareholders and Ineligible Foreign Optionholders will receive may be more or less than the current market value of IronClad Shares after deducting any applicable brokerage and other costs. Further details about the Share Sale Facility are set out below.

Ineligible Foreign Shareholders and Ineligible Foreign Optionholders are not required to make an election to participate in the Share Sale Facility.

Further details regarding the Share Sale Facility (for Ineligible Foreign Shareholders and Ineligible Foreign Optionholders) are as follows:

- (a) IronClad will appoint a nominee/broker (which entity will hold an Australian Financial Services Licence) to act as the Sale Agent;
- (b) the market price of IronClad Shares is subject to change from time to time. Up-to-date information on the market price of IronClad Shares is available from [www.asx.com.au](http://www.asx.com.au) (using the code "IFE");



- (c) all New IronClad Shares attributable to Ineligible Foreign Shareholders will be issued to the Sale Agent, who will pool those New IronClad Shares and sell them on market (in one transaction or a number of transactions). All of the proceeds of those sales will be pooled and then (after deduction of brokerage and other costs) the Cash Proceeds will be divided by the total number of New IronClad Shares issued to the Sale Agent. The resultant amount will be paid to each Ineligible Foreign Shareholder in respect of each New IronClad Share to which they would otherwise have been entitled (subject to rounding);
- (d) all New IronClad Options attributable to Ineligible Foreign Optionholders will be issued to the Sale Agent, who will pool those New IronClad Options and sell them on market (in one transaction or a number of transactions). All of the proceeds of those sales will be pooled and then (after deduction of brokerage and other costs) the Cash Proceeds will be divided by the total number of New IronClad Options issued to the Sale Agent. The resultant amount will be paid to each Ineligible Foreign Optionholder in respect of each New IronClad Option to which they would otherwise have been entitled (subject to rounding); and
- (e) the amount of Cash Proceeds received by Ineligible Foreign Shareholders or Ineligible Foreign Optionholders may be less than the actual proceeds received by the Sale Agent for that person's New IronClad Shares and/or New IronClad Options.

#### **5.10 Fractional entitlements**

If, pursuant to the Schemes, a Share Scheme Participant becomes entitled to a fraction of a New IronClad Share, the number of New IronClad Shares issued (or, in the case of Ineligible Foreign Shareholders, the number of New IronClad Shares the Sale Agent will receive for sale on their behalf) will be rounded up or down to the nearest whole number, with fractions of:

- (a) 0.5 or more rounded up to the nearest whole number of New IronClad Shares; and
- (b) less than 0.5 rounded down to the nearest whole number of New IronClad Shares,

provided that if a Share Scheme Participant holds less than 0.5 Trafford Shares on the Record Date, IronClad will issue that Share Scheme Participant 1 New IronClad Share for every Trafford Share held (rounded up or down to the nearest whole number of New IronClad Shares).

#### **5.11 Warning against Trafford Share splitting**

If IronClad reasonably believes that a Share Scheme Participant has been a party to the splitting or division of a shareholding in an attempt to obtain an advantage in relation to the rounding referred to in Section 5.10, then IronClad reserves the right to round the entitlement of such holdings so as to provide only the number of New IronClad Shares that would have been received but for the splitting or division.

#### **5.12 Warranties given by Trafford Shareholders**

If the Share Scheme is implemented, each Trafford Shareholder is deemed to have warranted to Trafford and IronClad, and appointed and authorised Trafford as its attorney and agent to warrant to IronClad, that all their Trafford Shares (including any rights and entitlements attaching to those shares) transferred to IronClad under the Share Scheme will, at the date of transfer, be fully paid and free from all mortgages, charges, liens, encumbrances, pledges, security interests and other interests of third parties of any kind, whether legal or otherwise, and restrictions of transfer of any kind and that they have full power and capacity to sell and transfer their Trafford Shares to IronClad (including any rights and entitlements attaching to those shares) under the Share Scheme.

To the extent permitted by law, the Trafford Shares transferred under the Share Scheme will be transferred free from all mortgages, charges, liens, encumbrances and interests of third parties of any kind, whether legal or otherwise.

## 6. Profile of Trafford

This Section of the Scheme Booklet contains information in relation to Trafford. Additional information is included in the Independent Expert's Report attached as Annexure A (in relation to the Share Scheme and the Option Scheme).

### 6.1 Overview of Trafford

Trafford is a multi-commodity exploration company, based in Western Australia, with extensive holdings in South Australia where it controls approximately 10,000km<sup>2</sup> of tenements in the highly prospective Gawler Craton. These areas are prospective for iron ore, precious and base metals. Last year Trafford announced a significant new tin discovery at Wilcherry Hill, in the southern Gawler Craton. Other discoveries within that region have included lead and zinc at the Telephone Dam prospect and gold at the Weednanna prospect.

In Western Australia it holds a 51% interest in the Twin Peaks iron ore project in the state's mid west, and a 100% interest in the Lynas Find gold project in the Pilbara region.

In addition Trafford is a substantial shareholder in ASX listed Orinoco Gold Limited (**Orinoco**) which recently announced its intention to develop its high grade gold assets in Brazil.

Orinoco's Faina Goldfields Project is located in the central Brazilian state of Goiás, approximately 120km southwest of AngloGold's world-class Serra Grande mine and Yamana Gold's Pilar mine. The project consists of a large tenement package of approximately 200km<sup>2</sup> that encompasses numerous exploration targets and Orinoco's key Cascavel, Sertão and Tinteiro projects.

As part of the broader Faina Goldfields Project Orinoco is advancing two sites that host high-grade gold, Cascavel and Sertão, which are located in close proximity to each other. Orinoco aims to develop a high-grade gold mining hub at the Faina Goldfields Project, initially to support a low-cost gravity gold operation. It is confident that sites within the broader Faina Project such as Cascavel and the Sertão gold mine offer significant resource potential from ongoing exploration and resource definition programmes.

Sertão is a fully licensed gold mine located 18km along strike (28km by road) on the same mineralised shear zone as Cascavel, which in turn is currently licensed for underground ore extraction. The oxide zone at Sertão was previously mined to a depth of 40m by Troy Resources who extracted over 250,000oz of gold at an average grade of 24.95g/t.

Trafford continually maintains a strong watching brief for additional opportunities in suitable jurisdictions worldwide.

Further information can be found at [www.traffordresources.com](http://www.traffordresources.com) and in the Independent Expert's Report.

### 6.2 Directors of Trafford

The directors of Trafford as at the date of this Scheme Booklet are as follows:

**Mr Ian Finch** Managing Director

*Qualifications:* BSc (Hons) in Geology from the University of Birmingham (England), a Member of the Australasian Institute of Mining and Metallurgy and a Member of the Australian Institute of Company Directors.

*Experience:* Mr Finch's career spans 44 years of mining and exploration. He worked extensively throughout Southern Africa between 1970 and 1981 - from the Zambian Copper Belt and Zimbabwean Nickel and Chrome fields to the Witwatersrand Gold Mines in South Africa. In 1981 he joined CRA Exploration as a Principal Geologist, before joining Bond Gold as its Chief Geologist in 1987.

In these roles he was instrumental in the discovery and development of several new gold and copper/gold resources in Australia.

In 1993 Mr Finch established Taipan Resources Ltd, a company which successfully pioneered the exploration for large gold deposits in the Ashburton District of Western Australia - when it was discovered a resource of approximately 1.0 million ounces at the Paulsen's Project.

In 1999 Mr Finch founded Templar Resources Limited, now a 100% owned subsidiary of Canadian Listed company Goldminco Corporation. As President/CEO for Goldminco until May 2005 Mr Finch established an extensive exploration portfolio in New South Wales where the Company is actively exploring for large porphyry copper / gold deposits. During his presidency Mr Finch forged strong strategic ties with major mining houses and financial institutions in Vancouver, Toronto and London.

Mr Finch was Chairman of Bannerman Resources Limited from 30 May 2005 until 26 May 2006.

Mr Finch is currently also a director of IronClad (since 19 April 2007) and Orinoco Gold Limited (since 31 October 2012).

**Mr Neil McKay**

Non-Executive Director

*Qualifications:*

Bachelor of Business

*Experience:*

Mr McKay is a former Chartered Accountant and has been involved in the resources industry for more than 28 years. He has been Company Secretary for several listed resource public companies and held senior administrative and accounting positions in the resources industry.

Since 1995 he has operated as an independent consultant, specialising in the incorporation and administration of resource companies with special focus on South East Asia. For the last two years, he has divided his time between Australia where he provides consultation to various public companies, and South East Asia where he continues his involvement.

Mr McKay is currently also a director of IronClad (since 19 April 2007).

**Mr Mark Le Grange**

Exploration Director

*Qualifications:*

BSc (Hons) in Geology from the University of Johannesburg.

*Experience:*

Mr. Le Grange has 15 years' mining and exploration experience in South Africa, Madagascar and Australia, working in gold, platinum, base metals and iron ore.

His broad based experience include 8 years of platinum exploration in South Africa where he was an integral part of the team which took the Akanani Platinum Project from initial exploration drilling to a multibillion dollar underground development which was sold, in 2006, to Lonmin PLC. He continued to work for Lonmin as senior development geologist at Akanani which has a resource of 30 million ounces of platinum, palladium and gold.

Mr Le Grange joined the Company as Chief Geologist in July 2008, serving also in 2010 as Chief Geologist for IronClad Mining Ltd

**Dr Allan Trench**

Director

*Qualifications:*

BSc. (Hons) Geology from the Imperial College, London; PhD Geophysics from the Glasgow University; Master of Science, Mineral Economics from Curtin University and Master of Business Administration from Oxford University.

*Experience:*

Dr Trench is a geologist, geophysicist and business management consultant with over 20 years' experience across a broad range of commodities and companies. His minerals sector experience spans strategy formulation, exploration, project development and mining operations.

Dr Trench's former roles include management of nickel, gold and base metal exploration teams in the Yilgarn region of Western Australia, initially for WMC, both as a geophysicist and exploration manager, and subsequently for a group of ASX listed companies.

Dr Trench is currently also a director of Pioneer Resources (since 8 September 2003), Enterprise Metals (since 3 April 2012) and Hot Chili (since 19 July 2010).

### 6.3 Financial information

#### Historical financial information

The following information has been extracted from Trafford's 31 December 2014 reviewed half year financial report, 30 June 2014 audited accounts, and 30 June 2013 audited accounts. The auditor of Trafford has issued their reports for 31 December 2014 half year financial report and 30 June 2014 accounts with emphasis of matter on going concern which indicate the existence of a material uncertainty whether the entity would continue as going concern and whether it would realise its assets and extinguish its liabilities in the normal course of business and at the amount stated in the financial report. Copies of Trafford's 31 December 2014 half year financial report, 30 June 2014 audited accounts and Trafford's historical annual reports are available on the Trafford website ([www.traffordresources.com](http://www.traffordresources.com)). Copies will also be provided by Trafford, free of charge, to any Trafford Securityholder who requests it before the Scheme Meetings.

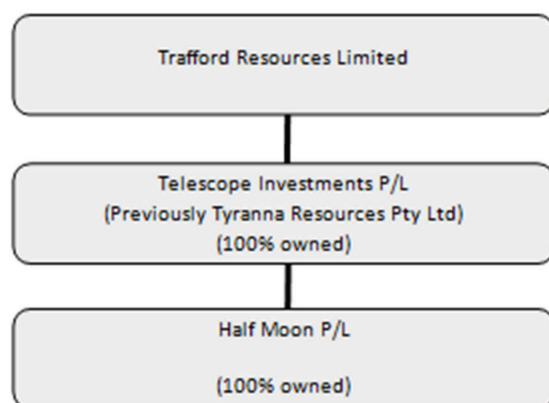
#### Consolidated Statement of Profit or Loss and other Comprehensive Income

	Reviewed for the half year ended 31 December 2014	Audited for the year ended 30 June 2014	Audited for the year ended 30 June 2013
Revenue and other income	12,972	272,812	124,083
Gain on sale of non-current investments	-	114,551	229,815
Impairment reversal/(impairment) of investment in associates	(1,016,734)	6,274,966	(11,754,487)
Impairment of other investments	-	-	(156,883)
Share of net profits/(loss) of associates	(76,733)	(6,551,291)	290,940
Administrative expense	(46,530)	(123,925)	(177,276)
Consultancy expense	(55,443)	(193,230)	(196,904)
Compliance and regulatory expense	(49,260)	(57,163)	(53,560)
Directors fees	(26,160)	(88,320)	(100,320)
Depreciation and amortisation expense	(22,226)	(61,988)	(72,617)
Share - based payments	(23,544)	(51,636)	(80,484)
Legal fees	(7,483)	(64,597)	(43,742)
Occupancy costs	(125,161)	(229,895)	(252,481)
Public relation costs	(15,775)	(62,361)	(219,609)
Staffing costs	(162,968)	(274,823)	(270,855)
Training costs	(2,853)	(5,248)	(25,910)
Finances costs	(59,341)	(61,185)	(14,626)
Exploration costs written off	(588,545)	(2,650,750)	(3,804,289)
Other expenses from ordinary activities	(9,586)	(40,888)	(81,153)
<b>Profit/(Loss) before income tax</b>	<b>(2,275,370)</b>	<b>(3,854,971)</b>	<b>(16,660,358)</b>
Income tax benefit	952,300	1,414,588	1,710,794
<b>Profit/(Loss) for the period</b>	<b>(1,323,070)</b>	<b>(2,440,383)</b>	<b>(14,949,564)</b>
<b>Other comprehensive income</b>			
Net gain/(Loss) on revaluation of financial assets	(482,152)	(415,712)	132,340
<b>Total comprehensive income for the period</b>	<b>(1,805,222)</b>	<b>(2,856,095)</b>	<b>(14,817,224)</b>

## Consolidated Statement of Financial Position

	Reviewed for the half year ended 31 December 2014	Audited for the year ended 30 June 2014	Audited for the year ended 30 June 2013
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalent	198,002	171,680	1,742,429
Trade and other receivables	69,473	89,646	126,034
Financial assets	729,410	1,211,562	1,598,612
<b>TOTAL CURRENT ASSETS</b>	<b>996,885</b>	<b>1,472,888</b>	<b>3,467,075</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	38,069	56,775	118,763
Investments accounted for using the equity method	863,263	1,956,730	2,233,158
Exploration and evaluation expenditure	1,980,744	1,980,744	1,980,744
<b>TOTAL NON-CURRENT ASSETS</b>	<b>2,882,076</b>	<b>3,994,249</b>	<b>4,332,665</b>
<b>TOTAL ASSETS</b>	<b>3,878,961</b>	<b>5,467,137</b>	<b>7,799,740</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	407,007	492,108	758,964
Provisions	181,462	199,824	250,170
<b>TOTAL CURRENT LIABILITIES</b>	<b>588,469</b>	<b>691,932</b>	<b>1,009,134</b>
<b>NON-CURRENT LIABILITIES</b>			
Provisions	49,600	34,353	34,453
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>49,600</b>	<b>34,353</b>	<b>34,453</b>
<b>TOTAL LIABILITIES</b>	<b>638,069</b>	<b>726,285</b>	<b>1,043,587</b>
<b>NET ASSETS</b>	<b>3,240,892</b>	<b>4,740,852</b>	<b>6,756,153</b>
<b>EQUITY</b>			
Issued Capital	22,671,990	22,390,272	21,601,114
Reserve	(690,344)	1,614,210	1,978,286
Accumulated losses	(18,740,754)	(19,263,630)	(16,823,247)
<b>TOTAL EQUITY</b>	<b>3,240,892</b>	<b>4,740,852</b>	<b>6,756,153</b>

## 6.4 Corporate Structure of Trafford



## 6.5 Information about Trafford's Securities

### (a) Trafford Shares

As at the date of this Scheme Booklet, Trafford had 124,866,565 Trafford Shares on issue.

### (b) Trafford Options

As at the date of this Scheme Booklet, Trafford had 25,700,960 Trafford Options on issue which are admitted to official quotation on ASX exercisable at \$0.20 each with an expiry date of 20 May 2015 (being the Trafford Scheme Options).

### (c) Trafford Performance Rights

As at the date of this Scheme Booklet, Trafford had 3,786,500 Trafford Performance Rights on issue.

All Trafford Performance Rights will vest in accordance with their terms upon the Court makes orders under section 411(4)(b) of the Corporations Act approving the Share Scheme. The holders of the Trafford Performance Rights will be issued with New IronClad Shares on a 1 for 1 basis.

## 6.6 Trafford's substantial shareholders

Based on information lodged with ASX or known to Trafford, Trafford had the following substantial shareholders as at the date of this Scheme Booklet:

Trafford Shareholder	Number of Trafford Shares Held	Percentage of Issued Trafford Shares
Admark Investment Pty Ltd (JS Pinto Super Fund A/C) & associates	11,500,000	9.21%

## 6.7 Interests of Trafford Directors and IronClad Directors in Trafford Securities

Director	Trafford Shares	Performance Rights	Scheme Options
Ian Finch <sup>***1</sup>	5,552,750	1,000,000	634,750
Neil McKay <sup>**2</sup>	3,231,569	500,000	176,000
Allan Trench <sup>**3</sup>	190,100	-	34,550
Mark Le Grange <sup>**4</sup>	279,307	500,000	158,605
Peter Rowe*	-	-	-
Bruno Seneque*	-	-	-

### Notes

\*\*\* Director of both Trafford and IronClad.

\*\* Director of Trafford only.

\* Director of IronClad only.

1. Mr Finch's interests in Trafford Securities are held by Imperial Resources Management Pty Ltd <Imperial Resources Superannuation Fund>, in which Mr Finch has a relevant interest.

2. Mr McKay's interests in Trafford Securities are held as follows: Mr McKay directly holds 432,998 Trafford Shares; 29,750 Scheme Options; and N.W.McKay Pty Ltd. <Neil Wilson McKay SuperFund>, in which Mr. McKay has a relevant interest, holds 2,798,571 Trafford Shares; 146,250 Scheme Options; and 500,000 Performance Rights.

3. Dr Trench's interests in Trafford Securities are held by Allan Trench & Suzanne Louise Trench <Trench Super Fund A/C>, in which Dr Trench has a relevant interest.
4. Mr Le Grange's interests in Trafford Securities are held by AMG Super Fund - Mark Le Grange a/c, in which Mr Le Grange has a relevant interest.

#### 6.8 Trafford Share trading history

The last recorded sale price of Trafford Shares traded on ASX before the announcement of the proposed Merger on 24 December 2014 was \$0.02 on 23 December 2014.

The latest recorded sale price of Trafford Shares traded on ASX before the date of registration of this Scheme Booklet with ASIC, was \$0.016 on 25 March 2015.

During the three month period immediately preceding the date on which the Scheme Booklet was lodged for registration with ASIC, the highest and lowest recorded sale prices of Trafford Shares on ASX were, respectively, \$0.04 on 9 January 2015 and \$0.019 on 30 January 2015.

Set out below is the volume weighted average price (VWAP) of Trafford Shares for various periods to 9 March 2015:

	10 Days	20 days	30 days	90 days
VWAP	\$0.022	\$0.022	\$0.021	\$0.024

#### 6.9 Trafford Scheme Option trading history

The latest recorded sale price of Trafford Scheme Options traded on ASX before the date of registration of this Scheme Booklet with ASIC, was \$0.004 on 27 March 2015.

The last recorded sale price of Trafford Scheme Options traded on ASX before the announcement of the proposed Merger on 24 December 2014 was \$0.001 on 8 December 2014.

During the three month period immediately preceding the date on which the Scheme Booklet was lodged for registration with ASIC, the highest and lowest recorded sale prices of Trafford Scheme Options on ASX were, respectively, \$0.002 on 29 December 2014 and \$0.004 on 28 January 2015.

#### 6.10 Trafford Directors' intentions if Merger does not proceed

Should the planned Merger with IronClad not become Effective, Trafford would, subject to acquiring suitable finance, continue to develop the resource potential of the high grade tin manganese, silver and gold prospects at Wilcherry Hill, South Australia. In this endeavour, it would examine the potential to attract joint venture partners to assist and accelerate this development.

Trafford would continue regional exploration for gold over the Challenger Joint Venture and the adjoining, 100% Trafford tenements (~7000km<sup>2</sup>) in the North Gawler Craton. At that time it would seek to negotiate with the Joint Venture partners to expand that search to base metals such as copper and nickel.

Trafford would complete desktop studies in order to identify the most cost effective ways to monetise its 51% share of the Twin Peaks iron ore project in Western Australia's mid west.

Similarly, Trafford would aim to monetise its Lynas Find gold project in West Australia's Pilbara region by seeking buyers. Alternatively it would invite third parties to participate in a joint venture over the project to assist in extending and developing the project's known gold resource.

Trafford would offer assistance to Ironclad in determining the best way forward for its iron ore operations at Wilcherry Hill in South Australia. Trafford would remain a 20% Joint Venture partner.

Wherever possible Trafford would maintain, and possibly expand, its equity investments in IronClad and Orinoco Gold Limited whilst at the same time seeking other suitable investment opportunities.

Trafford would also continue its normal research programmes, seeking additional mining and exploration opportunities in attractive jurisdictions worldwide.

## 6.11 Trafford announcements and reports

Trafford is subject to the periodic and continuous disclosure requirements of the Corporations Act and ASX Listing Rules. Specifically, as a listed company, Trafford is subject to the ASX Listing Rules which require continuous disclosure of any information Trafford has concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.

Trafford announcements are available on its website ([www.traffordresources.com](http://www.traffordresources.com)) as well as the ASX website ([www.asx.com.au](http://www.asx.com.au)). Further announcements concerning developments at Trafford may be made and placed on these websites after the date of this Scheme Booklet.

In addition, Trafford is also required to lodge various documents with ASIC. Copies of documents lodged with ASIC in relation to Trafford may be obtained from, or inspected at, an ASIC office.

Trafford will provide a copy of each of the following documents, free of charge, to anyone who asks for them before the Schemes are approved by the Court. The following documents can also be obtained from the ASX website ([www.asx.com.au](http://www.asx.com.au)) or from the Trafford website ([www.traffordresources.com](http://www.traffordresources.com)):

- (a) the annual financial report of Trafford for the year ended 30 June 2014 (being the annual financial report most recently lodged with ASIC by Trafford before lodgement of a copy of this Scheme Booklet with ASIC for registration); and
- (b) any continuous disclosure announcements made by Trafford after the date of the lodgement of the annual financial report referred to above and before the lodgement of a copy of this Scheme Booklet with ASIC for registration.

There is no information which has been excluded from a continuous disclosure notice in accordance with the ASX Listing Rules, and which is required to be set out in this Scheme Booklet.

The following table summarises material announcements made by Trafford to ASX since 30 September 2014 (being the date of lodgement of the annual financial report referred to in paragraph (a)).

Date Lodged	Description of Document
26/03/2015	Funding Confirmed for Orinoco's Mine Development
19/03/2015	Orinoco Production Plans Update
17/03/2015	Merger Update
27/02/2015	Change in substantial holding for OGX
20/02/2015	Half Year Accounts
17/02/2015	Change of Director's Interest Notice x4
17/02/2015	Lapsing of Options
17/02/2015	Orinoco Secures Production Funding
05/02/2015	Appendix 3B
30/01/2015	Quarterly Activities Report
30/01/2015	Quarterly Cashflow Report
23/01/2015	Change of Director's Interest Notice IDF
16/01/2015	Lapsing of Options
02/01/2015	Change in substantial holding for OGX
24/12/2014	Merger Implementation Agreement
24/12/2014	IronClad Mining Ltd to Merge with Trafford Resources Ltd
24/12/2014	Appendix 3B
24/12/2014	Change of Director's Interest Notice
21/11/2014	Results of Meeting
12/11/2014	Orinoco Cascavel Low Cost Development Plan
31/10/2014	Quarterly Activities Report
31/10/2014	Quarterly Cashflow Report



Date Lodged	Description of Document
23/10/2014	High Grade Gold Continues in Orinoco's Cascavel Decline
15/10/2014	Notice of Annual General Meeting/Proxy Form
13/10/2014	Change of Director's Interest Notice IDF
13/10/2014	Lapsing of Options
08/10/2014	Orinoco Expands Cascavel Footprint

#### 6.12 Material events since 30 June 2014

Since 30 June 2014, Trafford has continued to conduct its business in the ordinary course. Within the knowledge of the Trafford Directors and other than as disclosed in this Scheme Booklet, including the audited balance sheet as at 30 June 2014 contained in Section 6.3, there has not been any other material change in the financial position of Trafford since 30 June 2014, being the balance date of the last audited balance sheet of Trafford which was released to ASX and made available on Trafford's website ([www.traffordresources.com](http://www.traffordresources.com)).

## 7. Profile of IronClad

This Section of the Scheme Booklet contains information in relation to IronClad as at the date of the Scheme Booklet. Additional information is included in the Independent Expert Report attached as Annexure A (in relation to the Share Scheme and the Option Scheme).

### 7.1 Overview of IronClad

IronClad is a company initially incorporated to develop the iron ore assets at the Wilcherry Hill and Hercules areas at the Northern end of the Eyre Peninsula in South Australia.

Since its public listing in 2007 it has successfully outlined significant iron ore reserves and resources at both Wilcherry Hill and Hercules prospects.

It developed a three stage, low cost entry strategy into the iron ore business by focussing on the early production of high grade direct shipping ore in conjunction with ore produced from a low cost dry magnetic separation process.

Successful application was made to the Government of South Australia for the grant of a mining lease to extract the ore.

It subsequently pioneered an infrastructure transport chain which involved the transshipment of ore from the shallow water port of Lucky Bay, 154km from the mine site. The ore was to be containerised for transshipment by shallow draft barge and tugs to moored vessels 8km from shore in Spencer Gulf. Successful sea trials were carried out demonstrating the viability of this ore handling process.

However, since the significant decline in iron ore prices from highs of over US\$180/tonne to its current level of between US\$60 to US\$70/tonne, the project, as designed, became financially unviable. IronClad subsequently engaged in extensive efforts to minimise its cost of production.

In recent times, the Company began exploration for Manganese, successfully extending the known occurrences of that mineral, particularly at the Hercules prospect.

Further information can be found at [www.ironcladmining.com](http://www.ironcladmining.com) and in the Independent Expert's Report.

### 7.2 Directors of IronClad

The directors of IronClad as at the date of this Scheme Booklet are as follows:

**Mr Ian Finch** Executive Chairman

Mr Finch is also a director of Trafford. Refer to Section 6.2 for details of Mr Finch's experience.

**Mr Neil McKay** Non-Executive Director

Mr McKay is also a director of Trafford. Refer to Section 6.2 for details of Mr McKay's experience.

**Mr Peter Rowe** Non-Executive Director

*Qualifications:* B.Sc. (Chem Eng), FAusIMM, FAICD

*Experience:*

Mr Rowe has extensive mining experience over a 35 year career in Australia and South Africa. Following 20 years with Anglo American and De Beers, he moved to Australia where he held a number of senior managerial positions. These included project director of the Fimiston expansion (Kalgoorlie Superpit), general manager of the Boddington Gold Mine and of the Boddington Expansion Project and managing director and CEO of Bulong Nickel. He joined AngloGold Ashanti Australia and transferred to Johannesburg in 2006, until retiring from his position as executive vice president - business effectiveness, and returned to Australia.

**Mr Bruno Seneque** Non-Executive Director

**Qualifications:** B. Bus(Acc) CPA

**Experience:** Mr Seneque is a Certified Practising Accountant with CPA Australia, and has 19 years' experience as a qualified accountant. Over the last 17 years Mr Seneque has accumulated experience in the mining industry in various roles including executive general management (Managing Director, Finance Director), CFO, company secretarial services, corporate and mine site accounting. Mr Seneque was previously Managing Director of Fox Resources Ltd, which operated the Radio Hill nickel/copper mine in Karratha, producing nickel and copper concentrates. His career has seen an active involvement in ASX listed companies in every stage from exploration to production, including the marketing of base metals concentrate and iron ore.

### 7.3 Historical financial information

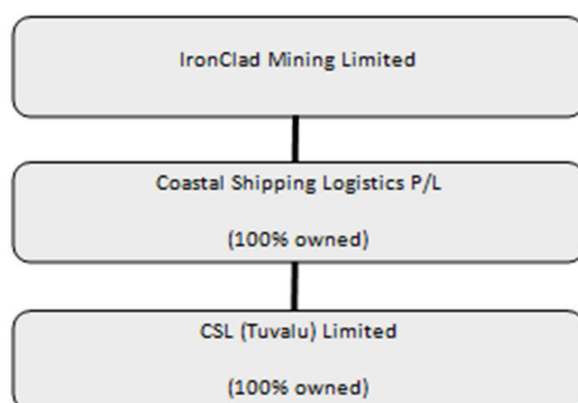
The following information has been extracted from IronClad's 31 December 2014 reviewed half year financial report, 30 June 2014 audited accounts, and 30 June 2013 audited accounts. The auditor of IronClad has issued their report for those financial periods with emphasis of matter on going concern which indicate the existence of a material uncertainty whether the entity would continue as going concern and whether it would realise its assets and extinguish its liabilities in the normal course of business and at the amount stated in the financial report. Copies of IronClad's 31 December 2014 half year financial report, 30 June 2014 audited accounts and IronClad's historical annual reports are available on the IronClad website ([www.ironcladmining.com](http://www.ironcladmining.com)). Copies will also be provided by IronClad, free of charge, to any Trafford Securityholder who requests it before the Scheme Meetings.

#### Consolidated Statement of Financial Position

	Reviewed for the half year ended 31 December 2014	Audited for the year ended 30 June 2014	Audited for the year ended 30 June 2013
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalent	427,879	1,926,306	4,967,241
Trade and other receivables	1,901,227	89,405	48,868
Assets classified as held for sale	3,600,000	2,123,143	5,948,680
<b>TOTAL CURRENT ASSETS</b>	<b>5,929,106</b>	<b>4,138,854</b>	<b>10,964,789</b>
<b>NON-CURRENT ASSETS</b>			
Trade and other receivables	315,200	442,943	445,935
Property, plant and equipment	6,164,124	7,363,425	7,500,817
Exploration and evaluation expenditure	250,000	250,000	-
Mine development expenditure	-	-	17,497,956
<b>TOTAL NON-CURRENT ASSETS</b>	<b>6,729,324</b>	<b>8,056,368</b>	<b>25,444,708</b>
<b>TOTAL ASSETS</b>	<b>12,658,430</b>	<b>12,195,222</b>	<b>36,409,497</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	1,247,620	1,189,650	1,331,629
Loan from other entities	800,000	-	-
Provisions	22,037	126,780	174,617
<b>TOTAL CURRENT LIABILITIES</b>	<b>2,069,657</b>	<b>1,316,430</b>	<b>1,506,246</b>
<b>TOTAL LIABILITIES</b>	<b>2,069,657</b>	<b>1,316,430</b>	<b>1,506,246</b>
<b>NET ASSETS</b>	<b>10,588,773</b>	<b>10,878,792</b>	<b>34,903,251</b>
<b>EQUITY</b>			
Issued Capital	69,399,128	69,365,041	69,365,041
Reserve	-	2,834,224	2,798,524
Accumulated losses	(58,810,355)	(61,320,473)	(37,260,314)
<b>TOTAL EQUITY</b>	<b>10,588,773</b>	<b>10,878,792</b>	<b>34,903,251</b>

**Consolidated Statement of Profit or Loss and other Comprehensive Income**

	Reviewed for the half year ended 31 December 2014	Audited for the year ended 30 June 2014	Audited for the year ended 30 June 2013
Revenue and other income	15,324	95,061	363,495
Administrative expense	(14,440)	(57,942)	(114,373)
Consultancy expense	(92,851)	(338,927)	(415,947)
Compliance and regulatory expense	(26,732)	(39,995)	(49,205)
Directors fees	(45,205)	(100,696)	(96,101)
Depreciation and amortisation expense	(9,013)	(17,767)	(18,568)
Share - based payments	-	(35,700)	-
Legal fees	(3,281)	(5,613)	(37,970)
Occupancy costs	(33,616)	(180,958)	(185,479)
Public relation costs	(150)	(26,955)	(85,999)
Staffing costs	(793,163)	(1,828,396)	(1,057,750)
Net asset impairment reversal	239,246	(2,901,180)	(1,072,798)
Finances costs	(61,785)	(16,276)	(173,127)
Development costs	(1,069,787)	(20,705,048)	-
Exploration costs written off	(175,926)	(969,381)	(916,638)
Other expenses from ordinary activities	(29,996)	(142,792)	(216,224)
<b>Profit/(Loss) before income tax</b>	<b>(2,101,375)</b>	<b>(27,272,565)</b>	<b>(4,076,684)</b>
Income tax benefit	1,812,969	3,212,406	5,123,993
<b>Profit/(Loss) for the period</b>	<b>(288,406)</b>	<b>(24,060,159)</b>	<b>1,047,309</b>
Other comprehensive income	-	-	-
<b>Total comprehensive income for the period</b>	<b>(288,406)</b>	<b>(24,060,159)</b>	<b>1,047,309</b>

**7.4 Corporate Structure of IronClad****7.5 Information about IronClad's securities****(a) IronClad Shares**

As at the date of this Scheme Booklet, IronClad had 108,203,871 IronClad Shares on issue.

Further information about IronClad Shares is provided in Section 14.3.

If the Share Scheme becomes Effective, a further 128,653,065 IronClad Shares will be issued as Share Scheme Consideration in respect of the Trafford Shares to be acquired under the Share Scheme (ignoring the effects of rounding and assuming that no Trafford Options are exercised before the Record Date).

(b) IronClad Options

As at the date of this Scheme Booklet, IronClad had no IronClad Options on issue.

If the Option Scheme becomes Effective, 25,700,960 IronClad Options will be issued as Option Scheme Consideration in respect of the Trafford Scheme Options to be cancelled under the Option Scheme (assuming that no Trafford Scheme Options are exercised before the Record Date).

## 7.6 IronClad's substantial shareholders

Based on information lodged with ASX or known to IronClad, IronClad had the following substantial shareholders as at the date of this Scheme Booklet:

IronClad Shareholder	Number of IronClad Shares Held	Percentage of Issued IronClad Shares
Trafford Resources Limited	28,775,445	26.59%
New Page Investments Limited	7,500,000	6.93%

## 7.7 Interests of IronClad Directors and Trafford Directors in IronClad securities

Director	IronClad Shares
Ian Finch <sup>***1</sup>	192,141
Neil McKay <sup>***</sup>	19,800
Peter Rowe <sup>**</sup>	-
Bruno Seneque <sup>**</sup>	-
Allan Trench <sup>*</sup>	-
Mark Le Grange <sup>*</sup>	5,028
<b>Total</b>	<b>216,969</b>

### Notes

<sup>\*\*\*</sup> Director of both IronClad and Trafford.

<sup>\*\*</sup> Director of IronClad only.

<sup>\*</sup> Director of Trafford only.

- Mr Finch's interests in IronClad Shares are held as follows: Mr Finch directly holds 19,800 IronClad Shares; and Imperial Resources Management Pty Ltd <Imperial Resources Superannuation Fund>, in which Mr Finch has a relevant interest, holds 172,341 IronClad Shares.

## 7.8 IronClad Share trading history

The last recorded sale price of IronClad Shares traded on ASX before the public announcement of the proposed Merger on 24 December 2014 was \$0.017 on 23 December 2014.

The latest recorded sale price of IronClad Shares on ASX before the date of registration of this Scheme Booklet with ASIC, was \$0.018 on 26 March 2015.

During the three month period immediately preceding the date on which the Scheme Booklet was lodged for registration with ASIC, the highest and lowest recorded sale prices of IronClad Shares on ASX were, respectively, \$0.044 on 5 January 2015 and \$0.015 on 15 December 2014.

The IronClad Share prices given above should not be taken as necessarily being an indication of the likely IronClad Share price following implementation of the Merger.

### 7.9 Rights attaching to IronClad Shares

The rights and liabilities attaching to IronClad Shares (and New IronClad Shares that form part of the Share Scheme Consideration) are described in Section 14.3.

### 7.10 Rights attaching to New IronClad Options

Each New IronClad Option allows the holder to receive 1 IronClad Share upon payment of the exercise price of \$0.20 per option on or before 20 May 2016 and otherwise on the terms and conditions set out in Annexure H.

### 7.11 IronClad's announcements and reports

As a disclosing entity, IronClad is subject to the periodic and continuous disclosure and reporting requirements of the Corporations Act and ASX Listing Rules. Specifically, as a listed company, IronClad is subject to the ASX Listing Rules which require continuous disclosure of any information IronClad has concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.

IronClad announcements are available on its website ([www.ironcladmining.com](http://www.ironcladmining.com)) as well as ASX's website ([www.asx.com.au](http://www.asx.com.au)). Further announcements concerning developments at IronClad may be made and placed on these websites after the date of this Scheme Booklet.

In addition, IronClad is also required to lodge various documents with ASIC. Copies of documents lodged with ASIC in relation to IronClad may be obtained from, or inspected at, an ASIC office.

IronClad will provide a copy of each of the following documents, free of charge, to any person on request prior to the Scheme Meetings. Alternatively, these documents can be obtained from ASX's website ([www.asx.com.au](http://www.asx.com.au)) or from the IronClad website ([www.ironcladmining.com](http://www.ironcladmining.com)):

- (a) the annual financial report of IronClad for the year ended 30 June 2014 (being the annual financial report most recently lodged with ASIC by IronClad before lodgement of a copy of this Scheme Booklet with ASIC for registration); and
- (b) any continuous disclosure announcements made by IronClad after the date of the lodgement of the annual financial report referred to above and before the lodgement of a copy of this Scheme Booklet with ASIC for registration.

There is no information which has been excluded from a continuous disclosure notice in accordance with the ASX Listing Rules, and which is required to be set out in this Scheme Booklet.

The following table summarises material announcements made by IronClad to ASX since 30 September 2014 (being the date of lodgement of the annual financial report referred to in paragraph (a)).

Date Lodged	Description of Document
17/03/2015	TRF: Merger Update
20/02/2015	Half Yearly Report and Accounts
30/01/2015	Quarterly Activities Report
30/01/2015	Quarterly Cashflow Report
06/01/2015	Response to ASX Query - Appendix 3Z
24/12/2014	Merger Implementation Agreement
24/12/2014	IronClad Mining Ltd to Merge with Trafford Resources Ltd
24/12/2014	Initial Director's Interest Notice
24/12/2014	Director Appointment
24/12/2014	Final Director's Interest Notice
21/11/2014	Results of Meeting
20/11/2014	Managing Director Resignation

Date Lodged	Description of Document
31/10/2014	Quarterly Activities Report
31/10/2014	Quarterly Cashflow Report
16/10/2014	Notice of Annual General Meeting

**7.12 Legal disputes**

Other than as disclosed in the Scheme Booklet, IronClad is not involved in any material legal disputes and is not a party to any material litigation as at the date of this Scheme Booklet.

**7.13 Material events since 30 June 2014**

To the best of the knowledge of the IronClad Directors and other than as disclosed in the Scheme Booklet, including the audited balance sheet as at 30 June 2014 contained in Section 7.3, there has not been a material change in the financial position of IronClad since 30 June 2014.

## 8. Profile of the Merged Group

This Section of the Scheme Booklet contains information in relation to IronClad if the Schemes are implemented.

Following the implementation of the Schemes, the Merged Group will have the following key investment attributes and strategy:

- (a) a substantial shareholding in ASX listed Orinoco Gold Limited;
- (b) an 80 man state-of-the-art mining camp;
- (c) a 78 metre power barge (subject to final payment and appropriate clearances);
- (d) control of 10,828km<sup>2</sup> of exploration licences in South Australia including:
  - (i) 8,017km<sup>2</sup> surrounding the Challenger gold mine (combination of 100% owned tenements and 51% Joint venture with Kingsgate Consolidated Ltd); and
  - (ii) 2,811km<sup>2</sup> in the prospective Wilcherry Hill and Peterlumbo regions of the Northern Eyre Peninsula;
- (e) a 40km<sup>2</sup> approved mining lease for the extraction of iron ore at Wilcherry Hill in South Australia;
- (f) the Lynas Find gold project in the Pilbara region of Western Australia; and
- (g) a 51% interest in the Twin Peaks iron ore project in the mid-west of Western Australia.

The Merged Group intends to effect a re-capitalisation without needing to conduct an equity raising through:

- (a) the finalisation of the Research and Development claims currently in progress; and
- (b) the sale of non-core fixed assets.

The emergent entity then proposes to embark on the following activities:

- (a) fully assess the impact on the Wilcherry Hill iron ore project that related credit commodities are likely to have - such as the tin and gold occurrences at the main Weednanna Prospect. Such mineral credits were previously unable to be factored into the project feasibility and financial studies;
- (b) assess the impact of a clean, 100% owned, project structure on costs and pricing of the Wilcherry Hill iron ore project;
- (c) re-assess the optimum sizing for maximum metal recoveries through a Dry Magnetic Separation plant. Improved metal recoveries have been shown in earlier studies to have a significant impact on produced tonnes and grade;
- (d) in these and other ways the Wilcherry Hill iron project will be further optimized, enhanced, and "made ready" for entry into production when overall economic factors improve;
- (e) actively pursue exploration for gold mines within its extensive holdings around the existing Challenger gold mine; and
- (f) further explore its existing, advanced tin and manganese projects with a view to establishing pre-feasibility studies on both, at the earliest time.

Longer term goals will be to establish mining cash flow from all, or any one, of the above projects should they prove to be economically viable. At the same time, the entity intends to broaden its prospective capital raising capabilities by retaining a select investment portfolio from which future funds may be drawn.

Continuing pro-active, new project generation is also planned in order to replace those projects which fail to pass ongoing exploration and development tests.

### 8.1 Capital structure

IronClad's capital structure is described in Section 7.5.



The following table outlined the Merged Group capital structure on various Schemes scenarios:

Capital Structure	Share Scheme approved* and Option Scheme approved**	Share Scheme approved and Option Scheme approved (after cancellation of Trafford's IronClad Shares)****	Share Scheme approved* and Option Scheme not approved/lapsed***	Share Scheme approved and Option Scheme not approved /lapsed (after cancellation of Trafford's IronClad Shares)****
No of IronClad Shares on issue	236,856,936	208,081,491	236,856,936	208,081,491
No of New IronClad Option on issue	25,700,960	25,700,960	-	-

\* The New IronClad Shares to be issued as Share Scheme Consideration will represent approximately 54.32% of the total number of IronClad Shares on issue following implementation of the Share Scheme. Approximately 128,653,065 IronClad Shares will be issued as Share Scheme Consideration in respect of the Trafford Shares to be acquired under the Share Scheme (ignoring the effects of rounding and assuming that no further Trafford Shares are issued before the Record Date); and

\*\* 25,700,960 New IronClad Options will be issued as Option Scheme Consideration in respect of the Trafford Scheme Options to be acquired under the Option Scheme (assuming that no Trafford Scheme Options are exercised before the Record Date).

\*\*\* In the event that the Option Scheme is not approved or lapsed. The Merger will only proceed with IronClad acquiring all of the Trafford Shares if the Scheme Condition in clause 2.2(n) of the Merger Implementation Agreement is waived by IronClad.

\*\*\*\* As a consequence of the Share Scheme, IronClad will (indirectly) acquire Trafford's 26.59% shareholding in IronClad. It is IronClad's current intention to cancel Trafford's IronClad Shares within 12 months of the implementation of the Share Scheme, subject to the receipt of IronClad Shareholder approval. The New IronClad Shares to be issued as Share Scheme Consideration will represent approximately 61.83% of the total number of IronClad Shares on issue following the cancellation of Trafford's IronClad Shares. If IronClad Shareholders do not approve the cancellation of Trafford's IronClad Shares, IronClad will be required to otherwise cease to hold the IronClad Shares and may be required to sell down the IronClad Shares. While those IronClad Shares are indirectly held by IronClad they will have no voting rights so long as they are held by a subsidiary of IronClad.

## 8.2 Substantial shareholdings

Based on information lodged with ASX or known to IronClad (in respect of IronClad substantial shareholders) or set out in Section 6.6 (in respect of Trafford substantial shareholders), and assuming that:

- the substantial shareholders of IronClad and Trafford as at the date of this Scheme Booklet continue to hold their existing holdings in IronClad and Trafford (respectively);
- Admark Investment Pty Ltd (JS Pinto Super Fund A/C) & associates is a substantial shareholder of Trafford and also holds IronClad Shares; and
- no further IronClad Shares or Trafford Shares are issued except pursuant to the Share Scheme or as a result of the exercise of Trafford Options,

the holdings of those substantial shareholders in IronClad following implementation of the Share Scheme will be as follows:

### Merged Group Substantial Shareholders

Shareholder	Number of IronClad Shares Held	Percentage of Issued IronClad Shares
Admark Investment Pty Ltd (JS Pinto Super Fund A/C) & associates	16,200,000	6.84%

#### 8.3 Acquisitions and divestments

IronClad regularly examines new acquisition opportunities which may relate to existing or new areas of operation for IronClad. This may lead to changes in the source of IronClad's operating profits over time. From time to time, IronClad may receive unsolicited approaches from interested buyers for assets or businesses operated by IronClad. These approaches are evaluated on their merits. Other than in respect of the Merger or as otherwise disclosed in this Scheme Booklet, there are no discussions presently being undertaken in relation to acquisitions or divestments that are sufficiently advanced or sufficiently material to IronClad's earnings that IronClad considers warrant disclosure in this Scheme Booklet.

#### 8.4 New IronClad Shares and New IronClad Options

IronClad will apply to ASX for official quotation of the New IronClad Shares and New IronClad Options to be issued under the Share Scheme and Option Scheme within 7 days after the date of this Scheme Booklet.

IronClad will use its best endeavours to procure that the New IronClad Shares and new IronClad Options to be issued as Share Scheme Consideration and Option Scheme Consideration respectively are quoted on the ASX with effect from the Business Day following the Implementation Date. IronClad will issue holding statements to holders of the New IronClad Shares and New IronClad Options as soon as possible following the Implementation Date.

#### 8.5 Rights attaching to New IronClad Shares

The rights and liabilities attaching to the New IronClad Shares that form part of the Share Scheme Consideration are the same as the existing IronClad Shares issued to IronClad Shareholders. Further information is set out in Section 14.3.

#### 8.6 Terms and conditions of New IronClad Options

The terms and conditions attaching to the New IronClad Options that form part of the Option Scheme Consideration are set out at Annexure H.

#### 8.7 Financial overview of the Merged Group

##### Merged Group pro forma historical financial information

The Merged Group pro forma historical financial information provided in this Scheme Booklet comprises a pro forma consolidated unaudited Statement of Financial Position as at 31 December 2014 which has been prepared by:

- (a) consolidating the IronClad and Trafford consolidated reviewed Statement of Financial Position as at 31 December 2014; and
- (b) issuing shares and options in IronClad to Trafford Shareholders on the assumption the Merger takes place and Trafford becomes a wholly owned subsidiary of IronClad.

The pro forma historical financial information is provided for illustrative purposes and is prepared on the assumption that the Scheme had been implemented on 31 December 2014. The Merged Group pro forma historical financial information has been prepared in accordance with the recognition and measurement principles of the Australian Accounting Standards and in accordance with IronClad's accounting policies, as set out in the half yearly financial report of IronClad for the half year ended 31 December 2014 and the annual report of IronClad for the year ended 30 June 2014.

The Merged Group pro forma historical financial information is presented in an abbreviated form and does not contain all the disclosures that are usually provided in an annual report prepared in accordance with the Corporations Act. In particular, it does not include the notes to and forming part of the financial statements of IronClad and Trafford.

The information provided in this Section is presented on a pro forma basis only and, as a result, it is likely that this information will differ from the actual financial information of the Merged Group.

Following a review of the accounting policies disclosed in Trafford's financial statements as at 30 June 2014, the accounting policies of IronClad and Trafford are not considered to be materially different. Therefore, at this time, no adjustments have been required to the Merged Group pro forma historical information to align the accounting policies.

Merged Group  
Unaudited Pro Forma Consolidated Statement of Financial Position  
As at 31 December 2014

	IronClad Reviewed 31 December 2014	Trafford Reviewed 31 December 2014	Adjustments	Consolidation Elimination Entry	Pro-Forma Merged Entity as at 31 December 2014		
<b>ASSETS</b>							
<b>CURRENT ASSETS</b>							
Cash and cash equivalent	427,879	198,002			625,881		
Trade and other receivables	1,901,227	69,473	2	(50,847)	1,919,853		
Financial assets	-	729,410			729,410		
Assets classified as held for sale	3,600,000	-			3,600,000		
<b>TOTAL CURRENT ASSETS</b>	<b>5,929,106</b>	<b>996,885</b>			<b>6,875,144</b>		
<b>NON-CURRENT ASSETS</b>							
Trade and other receivables	315,200	-			315,200		
Property, plant and equipment	6,164,124	38,069			6,202,193		
Investment accounted for using equity method	-	863,263	2	(863,263)	-		
Investment in Trafford	-	-	1	2,237,255	2	(2,237,255)	-
Exploration and evaluation expenditure	250,000	1,980,744			2,230,744		
<b>TOTAL NON-CURRENT ASSETS</b>	<b>6,729,324</b>	<b>2,882,076</b>			<b>8,748,137</b>		
<b>TOTAL ASSETS</b>	<b>12,658,430</b>	<b>3,878,961</b>			<b>15,623,281</b>		
<b>CURRENT LIABILITIES</b>							
Trade and other payables	1,247,620	407,007	2	(50,847)	1,603,780		
Loan from other entities	800,000	-			800,000		
Provisions	22,037	181,462			203,499		
<b>TOTAL CURRENT LIABILITIES</b>	<b>2,069,657</b>	<b>588,469</b>			<b>2,607,279</b>		
<b>NON-CURRENT LIABILITIES</b>							
Provisions	-	49,600			49,600		
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>-</b>	<b>49,600</b>			<b>49,600</b>		
<b>TOTAL LIABILITIES</b>	<b>2,069,657</b>	<b>638,069</b>			<b>2,656,879</b>		
<b>NET ASSETS</b>	<b>10,588,773</b>	<b>3,240,892</b>			<b>12,966,402</b>		
<b>EQUITY</b>							
Issued Capital	69,399,128	22,671,990	1	2,187,102	2	(23,535,253)	70,722,967
Reserve	-	(690,344)	50,153	2	690,344	50,153	
Accumulated losses	(58,810,355)	(18,740,754)	2	19,744,391	(57,806,718)		
<b>TOTAL EQUITY</b>	<b>10,588,773</b>	<b>(3,240,892)</b>			<b>12,966,402</b>		

## Notes:

- Issue of 128,653,065 shares in IronClad to Trafford Shareholders at 1.7 cents per IronClad Share being the closing IronClad Share price on 23 December 2014 (being the last trading day prior to the announcement of the Merger Implementation Agreement), and the deemed value using Black and Scholes valuation method on 25,700,960 IronClad Options issued as Option Scheme Consideration.

2. Entries related to consolidation elimination being intercompany receivables and payables, intercompany investments, and equity in Trafford which will be acquired by IronClad pursuant to the Schemes.

### Acquisition Accounting

Acquisition Accounting has been prepared on a provisional basis in accordance with AASB 3: Business Combinations. In the preparation of this Section, consideration has been given to the relevant AASB accounting standards and IronClad's accounting policies for the half year ended 31 December 2014 and the annual report of IronClad for the year ended 30 June 2014. The value of the consideration for the acquisition of the Trafford Shares under the Share Scheme will be measured based upon the value of the IronClad Shares at close of trading on the Implementation Date. For the purposes of the Merged Group Pro Forma Consolidated Statement of Financial Position, a value of \$0.017 per IronClad Share has been assumed, being the ASX closing price of IronClad Shares on 23 December 2014 (the last trading day before the Merger was announced). Consequently, the value of the purchase consideration for accounting purposes may differ from the amount assumed in the Merged Group Pro Forma Consolidated Statement of Financial Position due to future changes in the market price of IronClad Shares.

### 8.8 Financial outlook of the Merged Group

IronClad and Trafford have given careful consideration to whether forecast financial statements (including any internally created valuation models) can and should be included in the Scheme Booklet in respect of the Merged Group. In particular, IronClad and Trafford have considered whether there is a reasonable basis for the preparation and disclosure in the Scheme Booklet of reliable and useful forecast financial statements in this regard. IronClad and Trafford have concluded that forecast financial statements for the Merged Group cannot be provided in the Scheme Booklet as they do not have a reasonable basis for such forecasts as required by applicable law and practice, and therefore the forecasts would not be meaningful or material to Trafford Securityholders.

Trafford Securityholders should refer to the Independent Expert Report (Share Scheme and Option Scheme) at Annexure A for the expert's conclusions regarding valuations of IronClad and Trafford.

Post completion of the Merger, the Merged Group Board will determine the optimal financing for, and amounts to be made available for, the exploration of each of the projects and activities of the Merged Group. The Merged Group Board will consider the best way forward for ensuring that adequate capital is available to maintain appropriate levels of exploration. This may involve a future capital raising.

### 8.9 Risks associated with the Merged Group

There are a number of risks associated with the Merged Group. These are summarised in Section 10.

### 8.10 Merged Group's register of securityholders

In accordance with Australian law, IronClad's register of shareholders and optionholders will be maintained in Australia by its Australian registry, being:

Advanced Share Registry Limited  
110 Stirling Highway  
Nedlands WA 6009  
AUSTRALIA

## **9. Intentions of IronClad**

### **9.1 Overview**

This Section 9 sets out IronClad's intentions, assuming the Share Scheme is implemented, on the basis of the facts and information concerning Trafford, its business and the general business environment which are known to IronClad and existing circumstances affecting the Trafford business. Final decisions on these matters will only be made by IronClad in light of all material facts and circumstances at the relevant time.

The statements set out in this Section 9 are statements of current intention only, which may change as new information becomes available or circumstances change.

### **9.2 Review of operations**

If the Share Scheme is implemented, IronClad intends to undertake a detailed review of Trafford's operations covering strategic, financial and commercial operating matters to determine the optimum manner of operating and managing the business.

Any final decisions as to IronClad's intentions for Trafford would only be finalised following this review (other than where the disclosure below expressly states that IronClad has determined to do something).

### **9.3 Conduct of business**

Decisions about the future commercial operating plan and management organisation for Trafford, including decisions about any changes to the way the business is conducted (such as any redeployment of the fixed assets of Trafford and any changes to the employment of the present employees of Trafford) will be made by IronClad following the completion of the detailed post-acquisition review described in Section 9.2.

It is the present intention of the Merged Group to continue the current operations of Trafford and its assets to ensure the preservation of those assets. As noted above, the Merged Group will conduct a strategic review of the operations and assets of Trafford and determine how best to extract value for all shareholders of the Merged Group from the assets of Trafford.

The Merged Group will continue to review all aspects of the assets and operations to identify ways to maximise value for all shareholders.

It is not IronClad's present intention to make any material divestments of assets or redeploy any of the major fixed assets of Trafford.

### **9.4 Directors, management and employees of the Merged Group**

The IronClad Board will remain unchanged following implementation of the Scheme.

IronClad considers Trafford's management and employees to be an integral part of the Trafford business. Any decisions about staffing will be made following completion of the general review described in Section 9.2. above and IronClad currently does not have any definitive plans in relation to Trafford's employees.

### **9.5 Corporate matters in relation to Trafford**

Following implementation of the Share Scheme, it is intended that:

- (a) Trafford be removed from the official list of ASX; and
- (b) as Trafford will be a wholly owned subsidiary of IronClad, the Trafford Board be reconstituted so that it comprises persons nominated by the IronClad Board.

### **9.6 Dividend policy**

The Merged Group Board will review the amount of any future dividends to be paid to shareholders having regard to the Merged Group's profits, its financial position and the Board's assessment of the capital required to grow the Merged Group's business.

## 10. Potential risk factors

### 10.1 Overview

Under the Schemes, Scheme Participants (other than Ineligible Foreign Shareholders and Ineligible Foreign Optionholders) will acquire New IronClad Shares and/or New IronClad Options and consequently there will be a change to their overall investment risk profile. This Section outlines a number of the risks that may affect the performance of the Merged Group and the value of its shares. These risks include:

- (a) risks relating to the Merged Group;
- (b) risks to Trafford Shareholders and Trafford Scheme Optionholders if the Schemes do not proceed;
- (c) general risks that are common to the existing Trafford and IronClad businesses; and
- (d) risks affecting the general economy and stock market.

The outline of risks in this Section 10 is a summary only and should not be considered exhaustive. No assurances or guarantees are given in relation to the future performance of, profitability of, or payment of dividends by, Trafford, IronClad or the Merged Group.

### 10.2 Specific risks of the Merged Group

The following risks have been identified as being key risks specific to an investment in the Merged Group. These risks have the potential to have a significant adverse impact on the Merged Group and may affect the Merged Group's financial position, prospects and price of its listed securities.

#### Permit and tenement applications

The Merged Group cannot guarantee that those permit and tenement interests which as at the date of this Scheme Booklet are applications for permits or tenements will ultimately be granted in whole or in part.

#### Selling of IronClad Shares following Implementation Date

Under the Share Scheme, IronClad will issue a maximum of approximately 128,653,062 New IronClad Shares (ignoring the effects of rounding and assuming that no Trafford Shares are issued before the Record Date). IronClad Share prices may be adversely affected in the short term if a significant number of Share Scheme Participants elect to sell their allotment of New IronClad Shares under the Share Scheme.

In addition, the Sale Agent will be issued New IronClad Shares attributable to Ineligible Foreign Shareholders, and will sell them on ASX as soon as practicable in order to remit the Cash Proceeds to Ineligible Foreign Shareholders and this may affect the market price of New IronClad Shares.

#### Future capital requirements

The continued operations of the Merged Group are dependent on its ability to obtain equity financing, or generating sufficient cash flows from future operations. There is a risk that the Merged Group may not be able to access capital from equity markets (or via any other forms of available financing) for future projects or developments, which could have a material adverse impact of the Merged Group's business and financial condition. If post the Merger financing was undertaken through the issuance of new equity or equity-linked securities of IronClad other than on a pro rata basis to existing shareholders, the percentage ownership of shareholders may be reduced. Shareholders may experience subsequent dilution and the control of IronClad may be subject to change.

#### Liquidity Risk

There is no guarantee that there will be an ongoing liquid market for New IronClad Shares. Accordingly, there is a risk that, should the market for Shares become illiquid, Shareholders will be unable to sell their New IronClad Shares realise their investment in the Merged Group.

#### Competition Risk

The industry in which Trafford and IronClad are and will be involved is subject to domestic and global competition. Although the Merged Group will undertake all reasonable due diligence in its business decisions and operations, the Merged Group will have no influence or control over the activities of its competitors, which activities or actions may, positively or negatively, affect the operating and financial performance of the Merged Group's projects and business.

### Access to infrastructure

There is currently limited capacity and high demand for rail and port services for the export of mineral products in Australia. In the event that the Merged Group progresses to production, there is no guarantee that suitable and affordable rail and port capacity will be available, which could have a material adverse impact on the Merged Group.

In the event that the Merged Group progresses the development and commercialisation of any of its assets towards production, it will also require the use of both power and water infrastructure. Due to high demand for power and water access, there is a risk that the Merged Group may not be able to procure access to power and water which could have a material adverse impact on the Merged Group.

### Sovereign Risk

Operations and exploration activities outside Australia involve various risks for Australian companies. While Trafford does not directly have a significant exposure outside of Australia, it does hold a significant investment in Orinoco Gold Ltd as detailed in this Scheme Booklet and previously announced on ASX by Trafford. Orinoco has projects in Brazil. There can be no assurance that the systems of government and the political systems in overseas countries will remain stable. There can be no assurance that government regulations relating to foreign investment, repatriation of foreign currency, taxation and the mining industry in these countries will not be amended or replaced in the future to the detriment of Orinoco's business and/or projects. The Trafford Directors are unaware of any such proposals as at the date of this Scheme Booklet. The Merged Group may also consider other foreign operations and/or explorations activities in the future.

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Merged Group or by investors in the Merged Group. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Merged Group and the value of its shares. Therefore the shares of the Merged Group, including the New IronClad Shares, carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those securities.

## 10.3 Risks to Trafford Securityholders if the Share Scheme or Option Scheme do not proceed

Trafford Securityholders should be aware that if the Share Scheme does not proceed, Trafford Securityholders will retain their Trafford Securities and will not receive any form of Scheme Consideration. Trafford Shareholders may, in addition to the normal risks it faces, be exposed to the additional risks as described in Section 3.

If the Share Scheme is approved but the Option Scheme is not approved, the Share Scheme will not proceed and Trafford will continue to operate as a stand-alone entity, listed on ASX unless the Scheme Condition in clause 2.2(n) of the Merger Implementation Agreement (being the Scheme Condition that makes the Share Scheme conditional on the Option Scheme being approved by the Court on terms that are reasonably acceptable to the parties) is waived by IronClad.

In circumstances where the Scheme Condition in clause 2.2(n) of the Merger Implementation Agreement is waived by IronClad, the Merger will still proceed and IronClad will acquire all of the Trafford Shares, but Trafford Scheme Optionholders will continue to hold their Trafford Scheme Options. In those circumstances, Trafford would be de-listed from ASX, meaning there is unlikely to be an active market for any Trafford Shares issued to Trafford Scheme Optionholders on any exercise of their Trafford Scheme Options. Further, IronClad may have a right to compulsorily acquire the Trafford Scheme Options after the Share Scheme is implemented. Please refer to Section 12.13 for further information.

The Trafford Scheme Options are due to expire in accordance with their terms on 20 May 2015. The Option Scheme will lapse, if there are delays in the timetable such that the Record Date (currently expected to be 11 May 2015) falls after 20 May 2015, and no New IronClad Options will be issued. No consideration will be issued to the former holders of Trafford Scheme Options in these circumstances. The Merger will then only proceed with IronClad acquiring all of the Trafford Shares if the Scheme Condition in clause 2.2(n) of the Merger Implementation Agreement (being the Scheme Condition that makes the Share Scheme conditional on the Option Scheme being approved by the Court on terms that are reasonably acceptable to the parties) is waived by IronClad.

## 10.4 General risks common to an investment in Trafford, IronClad and the Merged Group

The operating and financial performance of Trafford, IronClad and the Merged Group is (or will be) influenced by the general business and economic variables that impact upon all entities listed on a stock exchange including changes in business and economic factors, such as interest rates, exchange rates, inflation, changes in national demographics, changes in governmental policy and changes to accounting or reporting standards.

The price at which the securities of the Merged Group will trade on ASX can be affected by a range of external factors over which neither Trafford, nor IronClad, have any control. Key risks are discussed below.

### **Exploration and development risks**

There can be no assurance that any exploration or development activity in regard to the Merged Group's properties, or any properties that may be acquired in the future, will result in the discovery or exploitation of an economic resource.

Mineral exploration, development and mining/extraction may be hampered by circumstances beyond the control of the Merged Group.

Exploration is a high risk activity that requires large amounts of expenditure over extended periods of time. The Merged Group's exploration activities would be subject to all the hazards and risks normally encountered in the exploration of minerals, including climatic conditions, hazards of operating vehicles and plant, risks associated with operating in remote areas and other similar considerations. Conclusions drawn during exploration and development are subject to the uncertainties associated with all sampling techniques and to the risk of incorrect interpretation of geological, geochemical, geophysical, drilling and other data.

The Merged Group's development projects may be delayed or be unsuccessful for many reasons, including unanticipated financial, operational or political events, the failure to receive government approvals, whether a final investment decision is reached, cost overruns, decline in commodity prices or demand, equipment and labour shortages, technical concerns including with respect to reserves and deliverability difficulties, increases in operational cost structures, contractual issues with securing sales contracts or with engineering procurement and construction contracts, community or industrial actions, changes in construction costs, design requirements and delays in construction or other circumstances which may result in the delay, suspension or termination of the development projects.

Development projects to which the Merged Group is or may become involved are subject to the abovementioned risks (and the other risks outlined in this document), and may adversely affect the commerciality and economics of project development.

### **Operational and technical risks**

The operations of the Merged Group may be affected by various factors, including failure to locate or identify mineral deposits, failure to achieve predicted grades and/or resources in exploration and mining, operational and technical difficulties encountered in mining and extraction, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical or recovery problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes, and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

### **Commodity price fluctuations**

In the event of exploration and development success, any future revenue derived through any future sales of valuable minerals exposes the potential income of the Merged Group to commodity price risks. Commodity prices fluctuate and are affected by numerous factors beyond the control of the Merged Group. These factors include world demand for commodities, forward selling by producers and the level of production costs in major commodity-producing regions. Moreover, commodity prices are also affected by macroeconomic factors such as expectations regarding inflation, interest rates and global and regional demand for, and supply of, commodities.

### **Environmental risks**

The operations and activities of the Merged Group are subject to State and Federal laws and regulations concerning the environment. As with most exploration projects and mining operations, the Merged Group's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. Such impact can give rise to substantial costs for environmental rehabilitation, damage, control and losses. Further, if there are environmental rehabilitation conditions attaching to the mining tenements of the Merged Group, failure to meet such conditions could lead to forfeiture of these tenements.

### **Tenure and native title risks**

Interests in exploration and mining tenements in Australia and Brazil are governed by legislation and are evidenced by the granting of leases or licences. Each lease or licence is for a specific term and carries with it annual expenditure and reporting conditions as well as other conditions requiring compliance. These conditions include the requirement, for exploration licences, for reduction in the area held under licence from time to time unless it is considered that special circumstances apply. Consequently the Merged Group



could lose title to, or its interest in, its tenements if licence conditions are not met or if expenditure commitments are not met.

It is possible that, in relation to Australian tenements in which the Merged Group has an interest or may acquire such an interest, there may be areas over which legitimate common law native title rights of Aboriginal Australians exist. If native title rights do exist, the ability of the Merged Group to obtain the consent of any relevant land owner, or to progress from the exploration phase to the development and mining phases of the operation, may be adversely affected.

It is possible that there will exist on the Merged Group's Australian mining tenements, areas containing sacred sites or sites of significance to Aboriginal people subject to the provisions of the relevant legislation, or areas subject to the *Native Title Act 1993* (Cth) in Australia. As a result land within the tenements may be subject to exploration, mining or other restrictions as a result of claims of Aboriginal heritage sites or native title.

#### **Joint venture partners and contractors**

The Merged Group would rely significantly on strategic relationships with other entities and also on a good relationship with regulatory and government departments and other interest holders. The Merged Group would also rely on third parties to provide essential contracting services. There can be no assurance that its existing relationships will continue to be maintained or that new ones will be successfully formed and the Merged Group could be adversely affected by changes to such relationships or difficulties in forming new ones.

#### **Key personnel**

Trafford and IronClad are reliant on a number of key senior management staff. Loss of such personnel may have an adverse impact on performance. However, this risk is mitigated by the fact that the resources industry is international in nature and has a significant depth of suitably qualified alternative personnel. Notwithstanding this, there may be periods of time where a particular position remains vacant while a suitable replacement is identified and appointed.

#### **Equity market conditions**

Securities listed on the stock market, and in particular securities of mining and exploration companies, can experience extreme price and volume fluctuations that are often unrelated to the operating performances of such companies. The market price of securities may fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general.

General factors that may affect the market price of securities include economic conditions in both Australia and internationally, investor sentiment, local and international share market conditions, changes in interest rates and the rate of inflation, variations in commodity prices, the global security situation and the possibility of terrorist disturbances, changes to government regulation, policy or legislation, changes which may occur to the taxation of companies as a result of changes in Australian and foreign taxation laws, changes to the system of dividend imputation in Australia, and changes in exchange rates.

#### **Changes in government policy and legislation**

Any material adverse changes in relevant government policies or legislation of Australia and also Brazil may affect the viability and profitability of the Merged Group, and consequent returns to investors. The activities of the Merged Group will be subject to various federal, state and local laws governing prospecting, development, production, taxes, labour standards and occupational health and safety, and other matters.

#### **Insurance Risks**

Insurance coverage of all risks associated with minerals exploration, development and production is not always available and, where available, the cost can be high. The Merged Group will have insurance in place considered appropriate for the Merged Group's needs. The Merged Group will not be insured against all possible losses, either because of the unavailability of cover or because the Merged Group Board believe the premiums are excessive relative to the benefits that would accrue. The Merged Group Board believes that the insurance they have in place is appropriate. The Merged Group Board will continue to review the insurance cover in place to ensure that it is adequate.

**Valuation Risks on IronClad's Powered Barge**

The value of the powered barge in Henley Valuers Valuation Report is based on certain assumptions regarding works completed and outstanding, as well a certification (ABS). If commissioning work is not completed as advised and certification not granted, then the estimated valuation would likely be greatly affected.

**Cancellation of Trafford's IronClad Shares**

As a consequence of the Share Scheme, IronClad will (indirectly) acquire Trafford's 26.59% shareholding in IronClad. Under the Corporations Act, IronClad will be required to cease holding Trafford's IronClad Shares within 12 months of the implementation of the Share Scheme. It is IronClad's current intention to cancel Trafford's IronClad Shares within 12 months of the implementation of the Share Scheme, subject to the receipt of IronClad Shareholder approval. If IronClad's Shareholders do not approve the cancellation of Trafford's IronClad Shares, IronClad is required to otherwise cease to hold the Trafford's IronClad Shares and may be required to sell down the Trafford's IronClad Shares. If this was to occur, Trafford Shareholders' New IronClad Shares will be diluted to a lesser percentage of the outstanding IronClad Shares than would otherwise be the case and the aggregate shareholding of Trafford Shareholders in IronClad will remain at 54.32%.

**Other**

Other risk factors include those normally found in conducting business, including litigation resulting from the breach of agreements or in relation to employees (through personal injuries, industrial matters or otherwise) or any other cause, strikes, lockouts, loss of service of key management or operational personnel, non-insurable risks, delay in resumption of activities after reinstatement following the occurrence of an insurable risk and other matters that may interfere with the business or trade of the Merged Group.

## 11. Australian income tax implications

This section provides a general summary of the Australian income tax consequences of the Scheme for certain Trafford Shareholders and Trafford Scheme Optionholders.

### 11.1 Australian tax implications for Trafford Shareholders

The following is a general guide as to the consequences under current Australian income tax law and administrative practice for Trafford Shareholders who dispose of their Trafford Shares to IronClad pursuant to the Scheme. Income tax is a complex area of law and the consequences for a Trafford Shareholder may differ from those detailed below, depending on the Trafford Shareholder's particular circumstances. As these statements are of a general nature only, it is recommended that Trafford Shareholders obtain their own independent professional advice in respect of their specific circumstances.

The information is based upon taxation law and practice in effect at the date of this Scheme Booklet. It is not intended to be an authoritative or comprehensive analysis of the taxation laws of Australia. The summary does not consider any specific facts or circumstances that may apply to particular shareholders. Further, this discussion addresses only those Trafford Shareholders that:

- (a) hold their Trafford Shares on capital account (or are taken, under Australian law, to hold their shares on capital account), and not on revenue account or trading stock for Australian tax purposes;
- (b) were not issued their Trafford Shares under an employee share scheme;
- (c) are not life insurance companies;
- (d) are not temporary residents for Australian income tax purposes; and
- (e) have not elected to be taxed under the taxation of financial arrangements provisions.

The comments provided below are in relation to Australian income tax only. Trafford shareholders that are not Australian tax residents may also have tax implications in their country of residence and should seek their own specific advice.

### 11.2 Trafford Shareholders who hold their shares on capital account

#### (a) Resident Trafford Shareholders

The transfer of Trafford Shares by an Australian tax resident Trafford Shareholder to IronClad pursuant to the Scheme will trigger a capital gains tax (CGT) event, the income tax implications of which will depend on whether the Trafford Shareholder chooses to obtain CGT scrip for scrip rollover relief. Scrip for scrip rollover should be available where, under the Scheme:

- (i) IronClad becomes the owner of 80% or more of the voting shares in Trafford;
- (ii) all Trafford Shareholders are eligible to participate; and
- (iii) participation is available on substantially the same terms for all Trafford Shareholders.

Where the above conditions are satisfied, a Trafford Shareholder may choose to obtain scrip for scrip rollover relief where they:

- (i) hold their Trafford Shares on capital account;
- (ii) receive New IronClad Shares as consideration for the disposal of their Trafford Shares;
- (iii) acquired their Trafford Shares on or after 20 September 1985; and
- (iv) would, apart from the application of the rollover, make a capital gain from the disposal of their Trafford Shares.

#### Where scrip for scrip rollover relief is chosen

Where the above conditions are met, Trafford Shareholders who wish to obtain scrip for scrip rollover relief must choose to obtain the rollover relief.

Where scrip for scrip rollover relief is chosen, any capital gain arising from the disposal of Trafford Shares will be disregarded and deferred until a CGT event occurs in respect of the New IronClad Shares acquired by the Trafford Shareholder pursuant to the Scheme. The CGT cost base and reduced cost base of each New IronClad Share received will be determined by apportioning, on a reasonable basis, the cost base and reduced cost base of the Trafford Shares disposed of pursuant to the Scheme.

For Trafford Shareholders who choose scrip for scrip rollover, their New IronClad Shares will be taken to have been acquired at the time their Trafford Shares were originally acquired for the purposes of applying the CGT discount rules in the future.

Please note, where a capital loss arises, the Trafford Shareholder will not be eligible to obtain scrip for scrip rollover.

#### **Where scrip for scrip rollover is not chosen**

Where scrip for scrip rollover relief is not chosen, Trafford Shareholders will make a capital gain equal to the market value of the New IronClad Shares they are entitled to less the CGT cost base of their Trafford Shares. In determining a Trafford Shareholder's capital gain, the market value of the New IronClad Shares should be determined using the market value of those shares on the date the Trafford Shareholder ceases to have ownership of their Trafford Shares. This is likely to be on the Implementation Date.

Trafford Shareholders may be able to index the CGT cost base of their Trafford Shares depending upon their date of acquisition. The CGT rules provides for the indexing of cost base (for inflation) of CGT assets acquired before 11:45 am on 21 September 1999.

Alternatively, Trafford Shareholders may be entitled to apply the discount CGT rules provided the shareholder has satisfied the 12 month holder's requirement. If the CGT discount rules apply and the Trafford Shareholder is:

- (i) an individual or trustee of a trust - only one-half of the capital gain (without any allowance for indexation for inflation in the cost base of the Trafford Shares) will be taxable; or
- (ii) the trustee of a complying superannuation fund, - only two-thirds of the capital gain (without any allowance for indexation for inflation in the cost base of the Trafford Shares) will be taxable.

The discount CGT rules do not apply to shareholders and trust beneficiaries that are companies. If a Trafford Shareholder makes a discount capital gain, any available capital losses should be applied to reduce the undiscounted capital gain before either of the above discounts are applied.

The "choice" to apply indexation rather than the discount capital gain provisions to Trafford Shares acquired before 11:45 am on 21 September 1999 must be made by the Trafford Shareholder on or before the day they lodge their income tax return for the income year in which the disposal occurs. For shareholders who acquired their shares after 11:45 am on 21 September 1999, indexation is not available as the CGT discount rules automatically apply, provided conditions are met for the relevant shareholder. The application of either cost base indexation or the CGT discount will depend upon individual circumstances and it is recommended that Trafford Shareholders seek their own specific independent advice.

For Trafford Shareholders whose reduced cost base is greater than the market value of the New IronClad Shares they are entitled to, the Trafford Shareholder may realise a capital loss.

Where scrip for scrip rollover relief is not chosen, the cost base of the New IronClad Shares will be equal to their market value, as determined on the date the New IronClad Shares are allotted or issued. The acquisition date of the New IronClad Shares for CGT discount purposes will also be the date upon which they are allotted or issued to the Trafford Shareholders.

#### **(b) Non-resident Trafford Shareholders**

Broadly, the transfer of Trafford Shares by a Trafford Shareholder who is not an Australian tax resident and who holds their Trafford Shares on capital account will be subject to Australian CGT where:

- (i) they (and their associates) owned at least 10% of Trafford either at the time they dispose of their Trafford Shares or for at least 12 months during the 24 months before the disposal; and

- (ii) the Trafford Shares are considered 'taxable Australian real property' (**TARP**).

Broadly, the Trafford Shares will constitute TARP if more than 50% of their value is attributable to Australian real property or mineral rights (including exploration leases and mining licences). Where Non-Australian tax resident Trafford Shareholders are subject to CGT, the abovementioned CGT scrip for scrip rollover relief may be available provided the New IronClad Shares received will also constitute TARP.

Non-Australia Trafford Shareholders will also be subject to CGT if they used their Trafford Shares at any time in carrying on a business at or through a permanent establishment in Australia.

Bentleys (WA) Pty Ltd has reviewed the above information and consented to its inclusion in this Scheme Booklet though individual Shareholders should may have different tax circumstances and they should seek their own professional advice.

### **11.3 Trafford Scheme Optionholders**

The income tax implications for a Trafford Scheme Optionholder, who holds their Trafford Scheme Options on capital account, are the same as the income tax implications for a Trafford Shareholder, as detailed above. Income tax is a complex area of law and the consequences for a Trafford Scheme Optionholder may differ from those detailed above, depending on the Trafford Scheme Optionholder's particular circumstances. As these statements are of a general nature only, it is recommended that Trafford Scheme Optionholders obtain their own independent professional advice in respect of their specific circumstances.

## 12. Implementing the Schemes

This Section provides an overview of the Scheme Conditions, the Scheme Meetings, and other steps required to implement the Schemes.

### 12.1 Actions already undertaken by Trafford and IronClad

Trafford and IronClad entered into a Merger Implementation Agreement on 24 December 2014 in which they agreed (among other things) their respective obligations in implementing the Schemes. The key terms of the Merger Implementation Agreement not otherwise addressed in this Section, are summarised in Section 13. A full copy of the Merger Implementation Agreement was announced by Trafford and IronClad on 24 December 2014. Since signing the Merger Implementation Agreement, Trafford and IronClad have undertaken the following activities to progress the implementation of the Schemes.

#### (a) Appointment of Independent Expert

Trafford commissioned the Independent Expert, BDO Corporate Finance (WA) Pty Ltd, to prepare a report on whether the Schemes are fair and reasonable and in the best interests of Trafford Securityholders.

The Independent Expert has concluded that the Share Scheme is fair and reasonable and in the best interests of Trafford Shareholders and that the Option Scheme is fair and reasonable and in the best interests of Trafford Scheme Optionholders.

A copy of the Independent Expert's Report is set out in Annexure A (in relation to the Share Scheme and the Option Scheme).

#### (b) Execution of Deed Polls by IronClad

On 24 December 2014, IronClad executed the Share Scheme Deed Poll in favour of each Trafford Shareholder and the Option Scheme Deed Poll in favour of each Trafford Scheme Optionholder, pursuant to which IronClad covenants to perform its obligations under the Merger Implementation Agreement and the Schemes. The key obligation of IronClad under the Schemes is to issue the Share Scheme Consideration to each Share Scheme Participant and the Option Scheme Consideration to each Option Scheme Participant, subject to satisfaction of the Scheme Conditions.

The Deed Polls may be relied upon by a Trafford Securityholder, despite the fact that they are not a party to it, and each Trafford Securityholder appoints Trafford as its agent to enforce their rights under the relevant Deed Poll against IronClad.

The Deed Polls are governed by the laws of Western Australia.

A copy of the Share Scheme Deed Poll and Option Scheme Deed Poll are set out in full at Annexure D and Annexure E respectively.

#### (c) Lodgement of draft Scheme Booklet with ASIC

The first Court date to approve the convening of the meetings of Trafford Shareholders and Optionholder was held on 30 March 2015. On 30 March 2015, ASIC registered the Scheme Booklet for the purposes of section 412(6) of the Corporations Act.

Trafford has requested ASIC provide statements, in accordance with section 411(17)(b) of the Corporations Act, that ASIC has no objection to the Schemes. If ASIC provides those statements, they will be produced to the Court at the time of the Second Court Hearing.

Trafford has also lodged a copy of this Scheme Booklet with ASX.

Neither ASIC, ASX nor any of their officers takes any responsibility for the contents of this Scheme Booklet.

#### (d) First Court Hearing

On 30 March 2015, the Federal Court of Australia ordered Trafford to convene a meeting of:

- (i) Trafford Shareholders to consider and vote on the Share Scheme; and
- (ii) Trafford Scheme Optionholders to consider and vote on the Option Scheme.

The Scheme Meetings to consider the Schemes will be held at Bentleys, Level 1, 12 Kings Park Road, West Perth on 4 May 2015. The Share Scheme Meeting will commence at 10am (WST) and the Option Scheme Meeting will commence at the later of 10.30am (WST) and the conclusion of the Share Scheme Meeting.

For the Share Scheme to proceed, the Share Scheme Resolution must be passed at the Share Scheme Meeting. For the Option Scheme to proceed, the Option Scheme Resolution must be passed at the Option Scheme Meeting.

Details of how to vote at the Scheme Meetings are set out at the beginning of this Scheme Booklet in the Section entitled "Meeting details and how to vote".

A copy of the Notice of Share Scheme Meeting and Notice of Option Scheme Meeting are set out at Annexure F and Annexure G respectively.

The fact that under section 411(1) of the Corporations Act the Court ordered on 30 March 2015 that meetings of Trafford Securityholders be convened by Trafford to consider and vote on the Schemes and has approved the Scheme Booklet does not mean that the Court:

- (i) has formed any view as to the merits of the proposed Schemes or as to how Trafford Securityholders should vote (on this matter, Trafford Securityholders must reach their own decision); and
- (ii) has prepared, or is responsible for, the content of this Scheme Booklet.

## 12.2 Scheme Conditions

Implementation of the Schemes is subject to satisfaction of the applicable Scheme Conditions. The Scheme Conditions are set out in clause 3.1 of the Share Scheme and clause 3.1 of the Option Scheme (attached to this Scheme Booklet at Annexure B and Annexure C respectively) and clause 2 of the Merger Implementation Agreement (refer to Trafford's ASX announcement dated 24 December 2014).

Certain of the Scheme Conditions set out in the Share Scheme, Option Scheme and the Merger Implementation Agreement have already been satisfied. The Scheme Conditions that remain outstanding as at the date of this Scheme Booklet and the date by which each of those Scheme Conditions must be satisfied are set out in the table below.

Share Scheme Condition	Time at which the Scheme Condition is to be satisfied
<b>1. (Board recommendation)</b> The Independent Trafford Directors do not change or withdraw their recommendation to Trafford Shareholders to vote in favour of the Share Scheme and all resolutions (if any) incidental to the Share Scheme.	Before the date on which the Share Scheme is approved by Trafford Shareholders
<b>2. (Independent Expert's Report)</b> The Independent Expert's Report concludes that the Share Scheme is in the best interests of Trafford Shareholders and, upon consideration of all available relevant information from time to time, the Independent Expert does not change that conclusion or withdraw its report.	Before 8.00am on the Second Court Date
<b>3. (Trafford Shareholder approval)</b> The Share Scheme being approved by the Requisite Majority of Trafford Shareholders at the Share Scheme Meeting.	Before the Second Court Date
<b>4. (Court approval of the Share Scheme)</b> The Court makes orders under section 411(4)(b) of the Corporations Act approving the Share Scheme and any conditions imposed by the Court under section 411(6) of the Corporations Act are acceptable to Trafford and IronClad, each acting reasonably.	At the Second Court Date
<b>5. (Orders lodged with ASIC)</b> An office copy of the Court orders approving the Share Scheme is lodged with ASIC.	As soon as practicable after the Second Court Date

Share Scheme Condition	Time at which the Scheme Condition is to be satisfied
<b>6. (Orders and injunctions)</b> No temporary restraining order, preliminary or permanent injunction or other order issued by any court of competent jurisdiction or other legal restraint or prohibition preventing Implementation being in effect.	As at 8.00am on the Second Court Date
<b>7. (Regulatory Approvals)</b> The consents, approvals, clearances, decisions, determinations or other acts by a Government Agency necessary to effect Implementation (if any).	Before 8.00am on the Second Court Date
<b>8. (Third Party Approvals)</b> All third party approvals, consents or waivers under joint venture documentation or other significant contracts to which Trafford and IronClad agree are necessary or desirable to implement the Scheme or any transaction contemplated by the Schemes or the Merger Implementation Agreement are obtained.	Before 8.00am on the Second Court Date
<b>9. (No Trafford Prescribed Event)</b> No Trafford Prescribed Event occurs.	As at 8.00am on the Second Court Date
<b>10. (no IronClad Prescribed Event)</b> No IronClad Prescribed Event occurs.	As at 8.00am on the Second Court Date
<b>11. (ASX quotation of the shares)</b> ASX approves the New IronClad Shares for official quotation on ASX, conditional on the issue of those shares and IronClad providing ASX with a completed Appendix 3B as required by the ASX Listing Rules.	Before 5.00pm on the day before the Second Court Date
<b>12. (No prohibitive action)</b> no Government Agency or judicial entity or authority taking any action or making any order or decree which action, order or decree restrains or prohibits the Implementation of the Share Scheme.	As at 5.00pm on the day before the Second Court Date
<b>13. (Option Scheme)</b> the Court approves the Option Scheme on terms that are reasonably acceptable to IronClad and Trafford.	Effective Date

Option Scheme Condition	Time at which the Scheme Condition is to be satisfied
<b>1. (Board recommendation)</b> The Independent Trafford Directors do not change or withdraw their recommendation to Scheme Optionholders to vote in favour of the Option Scheme and all resolutions (if any) incidental to the Option Scheme.	Before the date on which the Option Scheme is approved by Trafford Scheme Optionholders
<b>2. (Independent Expert's Report)</b> The Independent Expert's Report concludes that the Option Scheme is in the best interests of Trafford Scheme Optionholders and the Independent Expert does not change that conclusion or withdraw its report.	As at 8.00am on the Second Court Date
<b>3. (Scheme Optionholder approval)</b> The Option Scheme being approved by the Requisite Majority of Trafford Scheme Optionholders at the Option Scheme Meeting.	Before the Second Court Date
<b>4. (Court approval of the Option Scheme)</b> The Court making orders under section 411(4)(b) of the Corporations Act approving the Option Scheme, whether in the same form as that set out in the notice convening the Option Scheme Meeting or subject to any alterations or conditions required by the Court under section 411(6) that are acceptable to Trafford and IronClad (each acting reasonably).	At the Second Court Date



Option Scheme Condition	Time at which the Scheme Condition is to be satisfied
5. <b>(Orders and injunctions)</b> No temporary restraining order, preliminary or permanent injunction or other order issued by any court of competent jurisdiction or other legal restraint or prohibition preventing the implementation of the Option Scheme being in effect.	As at 8.00am on the Second Court Date
6. <b>(No prohibitive action)</b> No Government Agency or judicial entity or authority having taken any action or making any order or decree which action, order or decree restrains or prohibits the implementation of the Option Scheme.	As at 5.00pm on the day before the Second Court Date
7. <b>(Orders lodged with ASIC)</b> An office copy of the Court orders approving the Option Scheme is lodged with ASIC.	As soon as practicable after the Second Court Date
8. <b>(ASX quotation of the options)</b> ASX approves the New IronClad Options for official quotation on ASX, conditional on the issue of those options and IronClad providing ASX with a completed Appendix 3B as required by the ASX Listing Rules.	Before 5.00pm on the day before the Second Court Date
9. <b>(Share Scheme)</b> The Court approves the Share Scheme on terms that are reasonably acceptable to the parties.	Effective Date

For the Schemes to be implemented, each Scheme Condition must be satisfied by the due date (if any) fixed for its satisfaction as set out in the above table (or otherwise waived to the extent it is capable of waiver).

As at the date of this Scheme Booklet, Trafford is not aware of any circumstances that would cause the Scheme Conditions to not be satisfied. Trafford Securityholders will receive an update on the status of the Scheme Conditions at the Scheme Meetings.

Trafford will also announce to ASX any relevant matter that affects the Scheme or the likelihood of a Scheme Condition being satisfied or not being satisfied, in accordance with Trafford's continuous disclosure obligations. These details will be published on ASX's website ([www.asx.com.au](http://www.asx.com.au)) and will also appear on Trafford's website ([www.traffordresources.com](http://www.traffordresources.com)).

### 12.3 Court approval

In accordance with section 411(4)(b) of the Corporations Act, in order to become Effective, the Schemes (with or without modification) must each be approved by an order of the Court. If the Schemes are approved at the Scheme Meetings, Trafford intends to apply to the Court on the Second Court Date (expected to be 4 May 2015) for the necessary orders to give effect to the Schemes.

The Court may refuse to grant the orders referred to above even if the Schemes are approved by the Requisite Majority of Trafford Securityholders.

Each Trafford Securityholder has the right to appear at Court at the hearing of the applications by Trafford for orders approving the Schemes. Any Trafford Securityholder who wishes to object to the Schemes at that Court hearing or make a complaint to ASIC about the Schemes should note that the Court hearing for approval of the Schemes is expected to be held on 5 May 2015. The Court has an overriding discretion regarding whether or not to approve the Schemes, even if the Schemes are approved by the Requisite Majority of Trafford Securityholders at the Scheme Meetings.

### 12.4 Scheme Meetings

The Scheme Meetings to consider the Schemes are scheduled to be held at Bentleys, Level 1, 12 Kings Park Road, West Perth on 4 May 2015. The Share Scheme Meeting will commence at 10am (WST) and the Option Scheme Meeting will commence at the later of 10.30am (WST) and the conclusion of the Share Scheme Meeting.

The Court has ordered that Trafford convene the Scheme Meetings for the purposes of the Trafford Securityholders voting on the Schemes. The order of the Court to convene the Scheme Meetings is not, and should not be treated as, an endorsement by the Court of (or any other expression of opinion by the Court on) the Schemes.

For the Share Scheme to be implemented, it is necessary that the Requisite Majority of Trafford Shareholders vote in favour of passing the resolution to approve the Share Scheme at the Share Scheme Meeting.

To pass the Share Scheme Resolution, votes in favour of the Share Scheme must be cast by:

- (a) more than 50% in number of Trafford Shareholders present and voting (whether in person, by proxy, by attorney or, in the case of a corporation, by corporate representative); and
- (b) at least 75% of the total number of votes cast on the Share Scheme Resolution by Trafford Shareholders

For the Option Scheme to be implemented, it is necessary that the Requisite Majority of Trafford Scheme Optionholders vote in favour of passing the resolution to approve the Option Scheme at the Option Scheme Meeting.

To pass the resolution approving the Option Scheme, votes in favour of the Option Scheme must be cast by:

- (a) more than 50% in number of Trafford Scheme Optionholders present and voting (whether in person, by proxy, by attorney or, in the case of a corporation, by corporate representative); and
- (b) Trafford Scheme Optionholders whose Trafford Scheme Options amount in aggregate to at least 75% (by value) of the total of all Trafford Scheme Options voted by Trafford Scheme Optionholders present and voting at the Option Scheme Meeting on the Option Scheme Resolution.

The value of the Option Scheme Consideration (i.e. New IronClad Options) that would be payable to a Trafford Scheme Optionholder as Option Scheme Consideration will be used to determine the value of voting entitlements on the Option Scheme Resolution. As the value of each New IronClad Option is the same, in practice the voting entitlements of Trafford Scheme Optionholders will effectively be determined by the number of Trafford Scheme Options held. A valuation of the New IronClad Options to be issued as Option Scheme Consideration is set out in section 11 of the Independent Expert's Report.

#### **12.5 Steps after approval of the Share Scheme by Trafford Shareholders at the Share Scheme Meeting but before the Second Court Date**

Trafford and IronClad have agreed that, if the Requisite Majority of Trafford Shareholders approve the Share Scheme at the Share Scheme Meeting, Trafford will, as soon as possible after the Share Scheme Meeting is held, announce the results of the Trafford Shareholders' vote to ASX and will publish the results on Trafford's website ([www.traffordresources.com](http://www.traffordresources.com)).

#### **12.6 Steps after approval of the Option Scheme by Trafford Scheme Optionholders at the Option Scheme Meeting but before the Second Court Date**

Trafford and IronClad have agreed that, if the Requisite Majority of Trafford Scheme Optionholders approves the Option Scheme at the Option Scheme Meeting, Trafford will, as soon as possible after the Option Scheme Meeting is held, announce the results of the Trafford Scheme Optionholders' vote to ASX and will publish the results on Trafford's website ([www.traffordresources.com](http://www.traffordresources.com)).

#### **12.7 Steps after Court approval at the Second Court Hearing**

Trafford and IronClad have agreed that, if the Court makes orders approving the Schemes, Trafford and IronClad will take or procure the taking of the steps required for the Schemes to proceed, including:

- (a) Record Date

Trafford Securityholders will be entitled to receive the relevant Scheme Consideration under the Schemes if they are registered as holders of Trafford Shares and/or Trafford Scheme Options at 5.00pm on the Record Date. The Record Date is the date that is three Business Days after the Effective Date, which is expected to be 11 May 2015.

As from the Record Date (and other than for IronClad following the Implementation Date), the Trafford Share Register and Trafford Option Register will close for transfers and all share and option certificates and holding statements for Trafford Shares and Trafford Scheme Options will cease to have effect as documents of title.

- (b) Effective Date

If the Court approves the Schemes, Trafford will (pursuant to section 411(10) of the Corporations Act) lodge with ASIC the office copy of each Court order approving the Schemes. Trafford intends to lodge the office copies of the Court orders with ASIC on the Effective Date, which is expected to be 6 May 2015.

If the Scheme Conditions are satisfied or waived, the Schemes will legally come into effect on the Effective Date.

If a Scheme has not become Effective or the relevant Scheme Conditions have not been satisfied or waived by 31 July 2015, or such later date as Trafford and IronClad agree in writing, the Scheme will lapse and be of no further force or effect.

(c) Suspension of trading of Trafford Shares

Trafford will apply to ASX for suspension of trading of Trafford Shares on ASX after the close of trading on ASX on the Effective Date. It is expected that the suspension will commence on the first Business Day after the day on which Trafford notifies ASX of the Share Scheme becoming Effective.

(d) Transfer of Trafford Shares and cancellation of Trafford Scheme Options

If the Share Scheme becomes Effective, on the Implementation Date:

- (i) all Trafford Shares held by Share Scheme Participants will be transferred to IronClad without any further action required by Share Scheme Participants;
- (ii) Trafford will enter the name of IronClad into the Trafford Share Register in respect of the Trafford Shares; and
- (iii) Trafford will then become a wholly-owned subsidiary of IronClad and the current Trafford Board will resign (other than Ian Finch and Neil McKay or as agreed with IronClad).

If the Option Scheme becomes Effective, all Trafford Scheme Options held by Trafford Scheme Optionholders will be cancelled, without the need for any further act by any Trafford Scheme Optionholder.

(e) Issue of New IronClad Shares

If the Share Scheme becomes Effective, on the Implementation Date the New IronClad Shares to which Share Scheme Participants are entitled under the Share Scheme will be issued to Share Scheme Participants (other than Ineligible Foreign Shareholders). It is expected that:

- (i) holding statements for Share Scheme Participants' entitlements to New IronClad Shares will be despatched to Share Scheme Participants whose New IronClad Shares are held on IronClad's issuer sponsored sub-register by not later than 5 Business Days after the Implementation Date; and
- (ii) New IronClad Shares will commence trading on ASX initially on a deferred settlement basis from 7 May 2015 and thereafter on a normal settlement basis from 18 May 2015.

For further information regarding the New IronClad Shares to be issued, see Sections 12.9 and 14.3. No securities will be issued on the basis of this Scheme Booklet after the date which is 13 months after the date of this Scheme Booklet, being the expiry date of this Scheme Booklet.

(f) Option Scheme Consideration

If the Option Scheme becomes Effective, each Option Scheme Participant will receive 1 New IronClad Option for every 1 Trafford Scheme Option they hold as at 5.00pm on the Record Date in consideration for the cancellation of their Trafford Scheme Options, such that there will be no Trafford Scheme Options on issue with respect to Trafford Shares.

(g) De-listing of Trafford

After the Implementation Date, Trafford will apply for termination of the official quotation of Trafford Shares and Trafford Scheme Options, and have itself removed from the official list of ASX.

(h) Payments to Ineligible Foreign Shareholders and Ineligible Foreign Optionholders

New IronClad Shares and New IronClad Options to which the Ineligible Foreign Shareholders of Trafford Shares and Ineligible Foreign Optionholders of Trafford Scheme Options would otherwise be entitled will be sold by the Sale Agent as soon as practicable (and in any event not more than 15 Business Days after the Implementation Date) and the proceeds of the sale shall be promptly remitted back to the relevant Ineligible Foreign Shareholders and Ineligible Foreign Optionholders.

For more information see Section 5.9.

## 12.8 Warranties by Share Scheme Participants under the Share Scheme

The effect of the Share Scheme is that all Share Scheme Participants, including those who vote against the Share Scheme and those who do not vote, will be deemed to have warranted to Trafford, both in its own right and for the benefit of IronClad, that their Trafford Shares are not subject to any of the encumbrances specified in the Share Scheme. The terms of the warranty are set out in clause 8.5 of the Share Scheme. The Share Scheme is attached at Annexure B.

## 12.9 New IronClad Shares

A summary of the rights attaching to New IronClad Shares is set out in Section 14.3.

It is expected that:

- (a) all Share Scheme Participants who receive New IronClad Shares will have their names entered on the IronClad Share Register on the Implementation Date;
- (b) holding statements for Share Scheme Participants' entitlements to New IronClad Shares will be despatched to Share Scheme Participants by not later than 5 Business Days after the Implementation Date; those holding statements will be sent by prepaid post to the Share Scheme Participants' addresses in the Trafford Share Register as at close of business on the Record Date; and
- (c) New IronClad Shares are expected to commence trading on ASX initially on a deferred settlement basis and thereafter on a normal settlement basis from 18 May 2015.

Each holder of New IronClad Shares is responsible for confirming their holding before selling their New IronClad Shares on a deferred settlement basis. Any sale of New IronClad Shares before receipt of a holding statement is at the risk of the holder of those securities. To the extent permitted by law, Trafford, IronClad and Advanced Share Registry disclaim all liability, whether in negligence or otherwise, to persons who sell their New IronClad Shares before receiving their holding statement, whether on the basis of a confirmation of allocation provided by Trafford, IronClad, Advanced Share Registry, a broker or otherwise.

## 12.10 Classes of members affected by the Option Scheme

As the Trafford Scheme Options are all issued on the same terms and conditions, all Trafford Scheme Optionholders will vote on the Option Scheme as a single class at the Option Scheme Meeting.

## 12.11 New IronClad Options

The terms and conditions attaching to New IronClad Options to be issued as Option Scheme Consideration are set out in Annexure H.

It is expected that:

- (a) all Option Scheme Participants who receive New IronClad Options will have their names entered on the IronClad Option Register on the Implementation Date;
- (b) holding statements for Options Scheme Participants' entitlements to New IronClad Options will be despatched to Option Scheme Participants by not later than 5 Business Days after the Implementation Date; those holding statements will be sent by prepaid post to the Option Scheme Participants' addresses in the Trafford Option Register as at close of business on the Record Date; and
- (c) New IronClad Options are expected to commence trading on ASX initially on a deferred settlement basis and thereafter on a normal settlement basis from 18 May 2015.

Each holder of New IronClad Options is responsible for confirming their holding before selling their New IronClad Options on a deferred settlement basis. Any sale of New IronClad Options before receipt of a holding statement is at the risk of the holder of those securities. To the extent permitted by law, Trafford, IronClad and Advanced Share Registry disclaim all liability, whether in negligence or otherwise, to persons who sell

their New IronClad Options before receiving their holding statement, whether on the basis of a confirmation of allocation provided by Trafford, IronClad, Advanced Share Registry, a broker or otherwise.

### 12.12 Exercise of Trafford Scheme Options

As a Trafford Scheme Optionholder, you can participate in the Share Scheme in lieu of participating in the Option Scheme by exercising your Trafford Scheme Options (where those Trafford Scheme Options are capable of exercise). Alternatively, you may wish to exercise your Trafford Scheme Options and then sell the Trafford Shares that will be issued to you on ASX on or before the Effective Date of the Share Scheme. In deciding what you should do, you should consider the following matters:

- (a) the value of exercising your Trafford Scheme Options compared with the value of the Option Scheme Consideration (refer to the Independent Expert Report (Option Scheme) at Annexure A). In determining the value of exercising a Trafford Scheme Option, you should compare the exercise price of that Trafford Scheme Option with:
  - (i) the prevailing Trafford Share price (if Trafford Shares are trading on ASX at the relevant time); and
  - (ii) the value of the Share Scheme Consideration;
- (b) the tax consequences of exercising your Trafford Scheme Options and having the Trafford Shares that will be issued to you transferred under the Share Scheme or sold on ASX compared with the tax consequences of receiving the Option Scheme Consideration. As these tax consequences will vary depending on your individual circumstances, you should consider your own tax position and the tax implications of the Option Scheme;
- (c) the risk factors described in this Scheme Booklet (see Section 10); and
- (d) whether the Schemes have become Effective.

To exercise your Trafford Scheme Options in time to participate in the Share Scheme, a valid exercise notice in respect of the Trafford Scheme Options you wish to exercise and payment of the relevant exercise price in cleared funds must be received by Trafford at its registered office in Australia before 12.00 noon on the Business Day before the Record Date for the Share Scheme. You may not exercise any of your Trafford Scheme Options after this time (assuming the Option Scheme becomes Effective) and your Trafford Scheme Options will be cancelled on the Implementation Date for the Option Scheme.

If the Option Scheme does not become Effective, but the Share Scheme becomes Effective, your Trafford Scheme Options will not be cancelled and you will continue to hold them, subject to IronClad's right to compulsorily acquire them (see below). You should consult the rules governing your Trafford Scheme Options for information on the procedures for exercising them. A copy of the applicable rules, and details of which Trafford Scheme Options are currently capable of exercise, can be obtained from the Trafford company secretary on +61 8 6454 6666.

Following receipt of a valid exercise notice and cleared funds, Trafford will:

- (a) issue the relevant number of Trafford Shares to you; and
- (b) cause your name and address to be entered in the Trafford Share Register as the holder of those Trafford Shares and a holding statement to be despatched to you.

### 12.13 Compulsory acquisition of Trafford Scheme Options

If the Share Scheme is not approved, regardless of whether the Option Scheme is approved, the Merger will not proceed and Trafford will continue to operate as a stand-alone entity, listed on ASX.

If the Share Scheme is approved but the Option Scheme is not approved, the Share Scheme will not proceed and Trafford will continue to operate as a stand-alone entity, listed on ASX unless the Scheme Condition in clause 2.2(n) of the Merger Implementation Agreement (being the Scheme Condition that makes the Share Scheme conditional on the Option Scheme being approved by the Court on terms that are reasonably acceptable to the parties) is waived by IronClad.

In circumstances where the Scheme Condition in clause 2.2(n) of the Merger Implementation Agreement is waived by IronClad, the Merger will still proceed and IronClad will acquire all of the Trafford Shares, but Trafford Scheme Optionholders will continue to hold their Trafford Scheme Options. In those circumstances, IronClad may become entitled to compulsorily acquire outstanding Trafford Scheme Options under Part 6A.2 of the Corporations Act.

In the event that IronClad seeks to compulsorily acquire Trafford Scheme Options, the Corporations Act sets out procedures and safeguards for Trafford Scheme Optionholders. In order to compulsorily acquire Trafford Scheme Options, IronClad must prepare and issue a notice in the form prescribed by the Corporations Act. A Trafford Scheme Optionholder may object to compulsory acquisition of their Trafford Scheme Options. If people who hold at least 10% of the Trafford Scheme Options validly object to the compulsory acquisition, IronClad may apply to the Court for approval of the compulsory acquisition, and such approval may only be granted by the Court where IronClad establishes that the Trafford Scheme Optionholders will receive fair value for their Trafford Scheme Options. In accordance with the Corporations Act, IronClad is required to bear the legal costs of any proper and reasonable objection made by a Trafford Scheme Optionholder. Trafford Scheme Optionholders should note that where compulsory acquisition applies in these circumstances, IronClad may acquire Trafford Scheme Options for a cash sum only.

### 13. Key terms of the Merger Implementation Agreement

Trafford and IronClad entered into a Merger Implementation Agreement on 24 December 2014 (refer to Trafford's ASX announcement dated 24 December 2014).

The Merger Implementation Agreement sets out the obligations of Trafford and IronClad in relation to the Schemes.

The Independent Trafford Directors consider that the Merger Implementation Agreement was entered into on arm's length commercial terms having regard to the fact that:

- (a) the Common Directors, being Messrs Finch and McKay, did not participate in the Trafford Board deliberations regarding Trafford's entry into the Merger Implementation Agreement; and
- (b) the Company undertook an extensive assessment of any alternative strategic options available to the Company.

In making the above statement, the Independent Trafford Directors note that Trafford Securityholders are being given the opportunity to consider and vote on whether the Merger is implemented at the Scheme Meetings.

This Section sets out a summary of the key terms and conditions of the Merger Implementation Agreement that are not otherwise addressed in this Scheme Booklet.

#### 13.1 Scheme Conditions under the Merger Implementation Agreement

The Schemes are subject to the fulfilment or, in certain cases, waiver of the Scheme Conditions. See Section 12.2 for further details.

#### 13.2 Termination

In this summary, the "Relevant Date" is the date or time specified in the Merger Implementation Agreement for the fulfilment of a Scheme Condition or, if no date or time is specified, 8.00am on the Second Court Date, subject, in either case, to extension under clause 2.8 of the Merger Implementation Agreement (**Relevant Date**).

Under the Merger Implementation Agreement, Trafford and IronClad have committed to use their best endeavours to implement the Schemes. If a Scheme Condition has not been fulfilled or waived by the Relevant Date or the Share Scheme has not become Effective by 31 July 2015 (or such later date as agreed by Trafford and IronClad) (**Sunset Date**), Trafford and IronClad must consult in good faith to determine whether the Share Scheme can proceed by way of alternative means or methods. This may be to extend the Relevant Date or set a new date for the Share Scheme to become Effective, or both. If a Scheme Condition has not been fulfilled or waived by the Relevant Date, and the parties are unable to reach agreement on alternative means or methods of progressing the Share Scheme, either party may exercise its rights of termination under the Merger Implementation Agreement.

The Merger Implementation Agreement (and hence the Schemes) may be terminated immediately by Trafford or IronClad or both parties by giving notice in writing to the other party in the circumstances described below:

- (a) by Trafford or IronClad, if, before the Relevant Date, a Scheme Condition solely or jointly for its benefit cannot be satisfied by the time required for it to be satisfied and it is not waived in accordance with the Merger Implementation Agreement;
- (b) by Trafford or IronClad, if, after the Relevant Date applicable to a Scheme Condition solely or jointly for its benefit, that Scheme Condition has not been satisfied or waived at that time;
- (c) by IronClad if any Independent Trafford Director publicly changes (including by attaching qualifications to) or withdraws (including by abstaining) their statement that they consider the Share Scheme to be in the best interests of Trafford Shareholders or their recommendation that Trafford Shareholders approve the Share Scheme, or any Independent Trafford Director or Common Director publicly recommends, promotes or otherwise endorses an Alternative Proposal; or
- (d) by Trafford or IronClad if, before the Second Court Date, the other party is in breach of the Merger Implementation Agreement (including a breach of a representation or warranty under the Merger Implementation Agreement subject to the carve outs in clause 11.1(d) of the Merger Implementation Agreement) and that breach is material and is incapable of being cured or is capable of being cured

but is not remedied by that other party within 5 Business Days (or such shorter period ending on the Second Court Date) of it receiving notice from the terminating party of the details of the breach and its intention to terminate.

The termination of the Merger Implementation Agreement will be the sole remedy available to either party in respect of each and every breach of the Merger Implementation Agreement. Further details on termination are set out in clause 11 of the Merger Implementation Agreement.

### 13.3 Amendments to the Schemes

Trafford must not consent to any modification of, or amendment to, or the making or imposition by the Court of any Scheme Condition in respect of the Share Scheme and/or Option Scheme without the prior consent of IronClad.

### 13.4 Representations and warranties

Each of Trafford and IronClad has given representations, warranties and covenants to the other that are considered to be standard warranties for an agreement of this kind. The representations, warranties and covenants given by each of Trafford and IronClad are set out in full in clause 12 of the Merger Implementation Agreement.

### 13.5 Exclusivity

Trafford is subject to exclusivity obligations including "no shop", "no talk" and "no due diligence" prohibitions in respect of Alternative Proposals or potential Alternative Proposals.

These exclusivity obligations apply from the date of the Merger Implementation Agreement until the earlier of termination of the Merger Implementation Agreement and the Sunset Date (**Exclusivity Period**) and are set out in clause 8 of the Merger Implementation Agreement.

During the Exclusivity Period, Trafford must immediately notify IronClad if it receives any Alternative Proposal or potential Alternative Proposal or if the Trafford Directors intend to rely on the "fiduciary exception" to the "no talk" or "no due diligence" prohibitions. IronClad also have the right to "match" any Alternative Proposals.

### 13.6 Reimbursement Fee

A Reimbursement Fee may become payable by Trafford to IronClad, or by IronClad to Trafford, in certain circumstances. The terms of the Reimbursement Fee are set out in clause 9 of the Merger Implementation Agreement.

In summary, Trafford must pay IronClad a Reimbursement Fee of \$120,000 (exclusive of GST) if:

- (a) any Independent Trafford Director fails to recommend that Trafford Shareholders vote in favour of the Merger (or any part of it) in the absence of a Superior Proposal or, having made such a recommendation, makes a public statement which withdraws, revises, revokes or qualifies that recommendation;
- (b) any Trafford Director recommends an Alternative Proposal;
- (c) an Alternative Proposal is publicly announced or made during the Exclusivity Period and that Alternative Proposal (or any related Alternative Proposal or Alternative Proposal arising out of that Alternative Proposal) is completed at any time prior to the first anniversary of the date of the public announcement of such Alternative Proposal;
- (d) a Trafford Prescribed Event occurs;
- (e) IronClad terminates the Merger Implementation Agreement as a result of a material breach by Trafford; or
- (f) the Meeting is not held before the Sunset Date following a deliberate act or omission by Trafford in breach of its obligations under the Merger Implementation Agreement.

IronClad must pay Trafford a Reimbursement Fee of \$120,000 (exclusive of GST) if:

- (a) an IronClad Prescribed Event occurs; or



- (b) Trafford terminates the Merger Implementation Agreement as a result of a material breach by IronClad.

## 14. Additional information

### 14.1 Introduction

This Section 14 sets out additional information required to be disclosed to Trafford Securityholders pursuant to the Corporations Act and the Corporations Regulations, together with other information that may be of interest to Trafford Securityholders.

### 14.2 Intentions of Trafford Directors

If the Share Scheme is implemented it is expected that:

- (a) Mark Le Grange and Allan Trench will resign from the Trafford Board and Neil McKay and Ian Finch will remain on the Trafford Board; and
- (b) persons nominated by IronClad may be appointed to the Trafford Board and to the boards of each Trafford subsidiary after the Implementation Date.

The intentions of Neil McKay and Ian Finch regarding:

- (a) the continuation of Trafford's business or how the business will be conducted after the implementation of the Share Scheme;
- (b) any major changes to the business, including any redeployment of any fixed assets; or
- (c) the future employment of present employees,

are the same as the intentions of IronClad in respect of the Merged Group should the Share Scheme be implemented, as set out in Section 9.

Mark Le Grange and Allan Trench do not have any intentions regarding the above matters because they intend to resign from the Trafford Board if the Share Scheme is implemented.

### 14.3 Rights attaching to New IronClad Shares

If the Share Scheme becomes Effective, each Share Scheme Participant (other than Ineligible Foreign Shareholders), will receive 1 New IronClad Share for every 1 Trafford Share they hold as at 5.00pm on the Record Date.

The New IronClad Shares issued as Share Scheme Consideration will be fully paid and, from the date of their issue, will rank equally with existing IronClad Shares.

The following is a summary of the principal rights attaching to IronClad Shares. This summary does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of shareholders of IronClad, which can involve complex questions of law arising from the interaction of the constitution of IronClad, statutory and common law and the ASX Listing Rules.

#### (a) Quotation on ASX

An application will be made by IronClad to ASX for the granting of official quotation of the New IronClad Shares within 7 days after the date of this Scheme Booklet. Quotation is not guaranteed or automatic on such application, but quotation is expected in the ordinary course as IronClad is already admitted to the official list of ASX and shares of the same class as those to be issued as the consideration under the Share Scheme have been granted official quotation by ASX.

It is expected that the New IronClad Shares will commence trading on ASX, initially on a deferred settlement basis, on 7 May 2015. It is the responsibility of each Trafford Shareholder to determine their entitlement to New IronClad Shares under the Share Scheme before trading those shares to avoid the risk of selling shares that they do not own. Normal trading of the New IronClad Shares issued pursuant to the Share Scheme is expected to commence on 18 May 2015.

The rights attaching to IronClad Shares are set out in the constitution of IronClad and, in certain circumstances, are regulated by the Corporations Act, the ASX Listing Rules, the ASX Settlement Rules and general law.

#### (b) IronClad share capital

Subject to the constitution of IronClad, any rights and restrictions attached to a class of shares, the ASX Listing Rules and the Corporations Act, any unissued shares in the capital of IronClad may be issued or allotted on any terms, at any time and for any consideration as the IronClad Board may from time to time determine.

(c) Alteration of IronClad share capital

Subject to the constitution of IronClad, the ASX Listing Rules and the Corporations Act, IronClad in general meeting may reduce or alter its share capital in any manner.

(d) General meetings and notices

Subject to the constitution of IronClad, the Corporations Act and the ASX Listing Rules, each holder of IronClad Shares is entitled to receive notice of, and to attend and vote at, general meetings of IronClad and to receive all notices, accounts and other documents required to be sent to shareholders under the constitution of IronClad, the Corporations Act and the ASX Listing Rules. At a general meeting, holders of IronClad Shares are entitled to be present in person, or by proxy, attorney or (in the case of a body corporate) by representative.

(e) Voting rights

At a general meeting, subject to the constitution of IronClad and any rights and restrictions attached to any IronClad Share, on a show of hands each shareholder present in person or by proxy or attorney or by duly authorised representative has one vote, except that if the shareholder has two appointed proxies, then neither proxy may vote unless each proxy is appointed to represent a specified proportion of the shareholder's voting rights, not exceeding 100% in aggregate. Subject to the constitution of IronClad and any rights or restrictions attached to a class of IronClad Shares, on a poll, each shareholder has one vote for each fully paid IronClad Share held, and for each partly paid IronClad share held a vote in respect of the IronClad share which carries the same proportionate value as the proportion of the amount paid up on that share to the total issue price of that share.

(f) Dividends

The IronClad Board may declare a dividend to be paid to the shareholders entitled but only out of profits. Subject to any rights or restrictions attached to a class of shares, dividends are payable on all IronClad Shares in proportion to the amount of the total issue price paid up in respect of the IronClad Shares.

(g) Rights on winding up

Subject to any rights or restrictions attached to a class of IronClad shares, if IronClad is wound up, the liquidator may, with the authority of a special resolution, divide among the shareholders in kind the whole or any part of the property of IronClad, and may for that purpose set such a value as the liquidator considers fair on any property to be so divided and may determine how the division is to be carried out as between the shareholders or different classes of shareholders.

The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees on such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no shareholder is compelled to accept any shares or other securities on which there is any liability.

(h) Transfer of IronClad Shares

IronClad Shares may be transferred by:

- (i) an instrument in writing in any usual form, or in a form approved by the IronClad Board that is otherwise permitted by law, that has been executed by or on behalf of the transferor;
- (ii) a proper transfer effected in accordance an electronic system recognised by the ASX Settlement Rules, the Corporations Act or the ASX Listing Rules as being for the purpose of facilitating dealings in shares; or
- (iii) any other method permitted by the Corporations Act, the ASX Listing rules or the ASX Settlement Rules.

The IronClad Board may refuse to register a transfer of shares only if that refusal would not contravene the ASX Listing Rules or the ASX Settlement Rules and must refuse to register a transfer

of securities if the Corporations Act, the ASX Listing Rules of the ASX Settlement Rules forbid registration.

(i) Variation of rights attaching to IronClad Shares

Subject to sections 246B to 246E of the Corporations Act and their terms of issue, the rights attaching to any class of shares in IronClad may be varied or cancelled with the written consent of holders who are entitled to at least 75% of the votes that may be cast in respect of shares in the class, or by a special resolution passed at a separate meeting of the holders of shares of the class. In either case, the holders of shares in a class with not less than 10% of the votes in the class of shares whose rights have been varied or cancelled may apply to a court of competent jurisdiction to exercise its discretion to set aside such variation or cancellation.

Subject to their terms of issue and the requirements of the Corporations Act, the creation or issue of further IronClad Shares is not a variation of class rights in relation to those IronClad Shares.

(j) Alteration of IronClad constitution

IronClad may modify or repeal its constitution, or a provision of its constitution, by special resolution.

#### 14.4 Terms and conditions of New IronClad Options

The terms and conditions of the New IronClad Options to be offered under the Option Scheme are set out in Annexure H to this Scheme Booklet.

#### 14.5 Dealings by Trafford Directors in Trafford Securities

On 22 January 2015, Ian Finch acquired 359,750 Trafford Scheme Options on-market at \$0.003 per Trafford Scheme Option (for a total consideration of \$1,162).

On 22 December 2014, Allan Trench agreed to cancel 500,000 unquoted Trafford Options exercisable at \$0.25 each on or before 31 October 2015 for nil cash consideration.

Other than the transactions noted above, there has been no dealing in and no agreement to deal has been entered into in respect of any marketable securities of Trafford by any Trafford Director in the four months preceding the date of this Scheme Booklet.

#### 14.6 Interests of Trafford in IronClad securities

As at the date of lodgement of this Scheme Booklet with ASIC, Trafford has a Relevant Interest in 28,775,445 IronClad Shares (comprising 26.59% of the IronClad Shares on issue).

As a consequence of the Share Scheme, IronClad will (indirectly) acquire Trafford's 26.59% shareholding in IronClad. It is IronClad's current intention to cancel Trafford's IronClad Shares within 12 months of the implementation of the Share Scheme, subject to the receipt of IronClad Shareholder approval. If IronClad Shareholders do not approve the cancellation of Trafford's IronClad Shares, IronClad will be required to otherwise cease to hold the IronClad Shares and may be required to sell down the IronClad Shares. While those IronClad Shares are indirectly held by IronClad they will have no voting rights so long as they are held by a subsidiary of IronClad.

#### 14.7 Interests of the Trafford Directors in IronClad securities

As at the date of lodgement of this Scheme Booklet with ASIC, the Trafford Directors hold interests in IronClad securities as set out in Section 7.7.

Other than the above, there has been no dealing in and no agreement to deal has been entered into in respect of any marketable securities of IronClad by any Trafford Director in the four months preceding the date of this Scheme Booklet.

Trafford Directors who are Scheme Participants will be entitled to receive New IronClad Shares and/or New IronClad Options in accordance with the terms of the Schemes.

#### 14.8 Interests of IronClad and IronClad's Associates in Trafford Securities

As at the date of lodgement of this Scheme Booklet with ASIC:

- (a) IronClad and its Associates have no Relevant Interest in Trafford Shares; and
- (b) other than as set out at Section 6.7, the IronClad Directors did not have a Relevant Interest in any Trafford Shares or any other marketable securities of Trafford.

The voting power (as defined in the Corporations Act) of IronClad in Trafford as at the date of lodgement of this Scheme Booklet with ASIC is nil.

The table at Section 6.7 shows the Relevant Interest of each IronClad Director in Trafford Shares and Trafford Options as at the date of lodgement of this Scheme Booklet with ASIC.

Except as disclosed in this Scheme Booklet, during the four months before the date of this document neither IronClad nor any Associate of IronClad has:

- (a) provided, or agreed to provide, consideration for any Trafford Shares or Trafford Options; or
- (b) given or offered to give or agreed to give a benefit to another person where the benefit was likely to induce the other person, or an associate, to vote in favour of the Schemes or dispose of Trafford Shares or Trafford Scheme Options which benefit is not offered to all Trafford Shareholders under the Share Scheme or Trafford Scheme Optionholders under the Option Scheme (as applicable).

#### 14.9 Benefits to Trafford officers in connection with retirement from office

Other than as disclosed in this Scheme Booklet, there is no current proposal for a payment or other benefit to be made or given to a director, secretary or executive officer of Trafford or any Related Body Corporate of Trafford as compensation for the loss of, or as consideration for or in connection with his or her retirement from office in Trafford or any Related Body Corporate of Trafford as a result of the Share Scheme.

As at the date of this Scheme Booklet no decision has been made by Trafford or IronClad to terminate the services of any officer or executive of Trafford.

#### 14.10 Agreements or arrangements connected with or conditional on the Schemes

Except as disclosed elsewhere in this Scheme Booklet, there are no agreements or arrangements made between any Trafford Director and another person in connection with, or conditional on, the outcome of the Schemes other than in their capacity as a Trafford Securityholder.

#### 14.11 Trafford Directors' interests in IronClad contracts

Except as disclosed elsewhere in this Scheme Booklet, no Trafford Director has any interest in any contract entered into with IronClad, or any interest as a creditor of IronClad.

Mr Finch as the Managing Director of Trafford and Executive Chairman of IronClad, is a permanent employee of both IronClad and Trafford. Mr Finch's current annual remuneration is \$150,000 excluding superannuation as Managing Director of Trafford and \$179,200 excluding superannuation as Executive Chairman of IronClad.

Mr McKay is currently paid an hourly fee of \$91.53 and \$114.68 excluding statutory superannuation by IronClad and Trafford respectively. He also receives director's fees of \$3,349 excluding statutory superannuation from IronClad.

#### 14.12 Remuneration of Trafford Directors

The Trafford Directors are entitled to be paid fees for their services as directors of Trafford and have been paid the following fees in the past two financial years:

Trafford Director	FY 2013		FY 2014		FY to date	
	Salary and Fees*	Options/ Share Rights	Salary and Fees*	Options/ Share Rights	Salary and Fees*	Options/ Share Rights
Ian Finch	\$272,500	-	\$234,586	\$10,147	\$75,281	\$8,264
Neil McKay	\$184,319	-	\$176,946	\$5,074	\$43,009	\$4,132
Allan Trench	\$52,320	-	\$52,320	\$19,408	\$13,080	-
Mark Le Grange	\$283,400	-	\$246,176	\$5,074	\$113,880	\$4,132

Notes:

- \* Inclusive of superannuation.

#### 14.13 Remuneration of Mr McKay and Mr Finch as directors of the Merged Group

As noted in Section 14.2, if the Share Scheme is implemented, Mark Le Grange and Allan Trench will resign from the Trafford Board and Neil McKay and Ian Finch will remain on the Trafford Board.

Following implementation of the Merger, it is proposed that the Merged Group Board will meet to determine the amounts to be paid to Messrs Finch and McKay in their continuing roles as employees and directors of the Merged Group.

#### 14.14 Disclosure of payments and benefits to Trafford Directors, secretaries and executive officers

Except as disclosed elsewhere in this Scheme Booklet, no Trafford Director, secretary or executive officer of Trafford (or any of its Related Bodies Corporate) has agreed to receive, or is entitled to receive, any payment or benefit from IronClad which is conditional on, or is related to, the Schemes other than in their capacity as a Trafford Securityholder.

#### 14.15 Disclosure of interests

Except as disclosed below or elsewhere in this Scheme Booklet, no:

- (a) Trafford Director or proposed director of Trafford;
- (b) IronClad Director or proposed director of IronClad;
- (c) person named in this Scheme Booklet as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Scheme Booklet; or
- (d) promoter of IronClad or the Merged Group,

(together "Interested Persons") holds, or held at any time during the two years before the date of this Scheme Booklet any interests in:

- (e) the formation or promotion of IronClad or the Merged Group;
- (f) property acquired or proposed to be acquired by IronClad in connection with the formation or promotion of IronClad or the Merged Group or the offer of New IronClad Shares or New IronClad Options under the Schemes; or
- (g) the offer of New IronClad Shares or New IronClad Options under the Schemes.

#### 14.16 Disclosure of fees and other benefits

Except as disclosed elsewhere in this Scheme Booklet, neither IronClad nor Trafford has paid or agreed to pay any fees, or provided or agreed to provide any benefit to:

- (a) a director or proposed director of IronClad to induce them to become or qualify as a director of IronClad; or
- (b) any Interested Person for services provided by that person in connection with:
  - (i) the formation or promotion of IronClad or the Merged Group; or
  - (ii) the offer of New IronClad Shares or New IronClad Options under the Schemes.

#### 14.17 Creditors of Trafford

The Schemes, if implemented, will not affect the interests of creditors of Trafford.

Trafford has paid and is paying all its creditors within the commercially agreed terms of trade. It is solvent and is trading in an ordinary commercial manner with the financial support of IronClad pursuant to existing loan arrangements.

**14.18 Right to inspect and obtain copies of the Trafford Share Register and Trafford Option Register**

A Trafford Securityholder has the right to inspect the Trafford Share Register and the Trafford Option Register, which contain the name and address of each Trafford Securityholder and certain other prescribed details relating to Trafford Securities, without charge. A Trafford Securityholder also has the right to request a copy of the register, upon payment of a fee (if any) up to a prescribed amount.

**14.19 Regulatory conditions and relief****(a) ASX waiver**

ASX Listing Rule 6.23.2 provides that the cancellation of options for consideration requires the approval of shareholders. The Company has applied to ASX and received a waiver from compliance with ASX Listing Rule 6.23.2 to permit the Trafford Scheme Options to be cancelled without requiring the approval of Trafford Shareholders, subject to the Share Scheme being approved by the Requisite Majority of Trafford Shareholders and the Court.

ASX has approved the conduct of the Scheme in accordance with the timetable set out in the Section entitled "Important dates and times" at the beginning of this Scheme Booklet.

**(b) ASIC relief**

Clauses 8201(a), (b), (c), (d) and (e) and 8203(a) and (b) of Part 2 of Schedule 8 of the Corporations Regulations set out various content requirements in connection with the Option Scheme, including the names of all Trafford Scheme Optionholders. ASIC has granted relief to Trafford from compliance with these requirements.

In the absence of ASIC relief, clause 8302(h) of Part 3 of Schedule 8 to the Corporations Regulations would require inclusion of disclosure in this Scheme Booklet of whether, within the knowledge of the Trafford Directors, the financial position of Trafford has materially changed since the date of the last balance sheet put before Trafford Shareholders in general meeting or sent to Trafford Shareholders in accordance with sections 314 or 317 of the Corporations Act (being the balance sheet of Trafford as at 30 June 2014) and, if so, full particulars of any change.

ASIC has allowed Trafford to depart from complying with the requirements of clause 8302(h) of Part 3 of Schedule 8 of the Corporations Regulations on the basis that:

- (i) Trafford has complied with Division 1 of Part 2M.3 of the Corporations Act in respect of the financial year ended 30 June 2014;
- (ii) Trafford has lodged the documents referred to in section 292 of the Corporations Act for the financial year ended 30 June 2014 on or before the date on which the Scheme Booklet is despatched to Trafford Securityholders;
- (iii) this Scheme Booklet states that Trafford will give a copy of the documents referred to in section 292 of the Corporations Act for the year ended 30 June 2014 free of charge to anyone who asks for them before the Scheme is approved by order of the Court (refer Section 6.12);
- (iv) any material change in Trafford's financial position occurring after 30 June 2014 is disclosed in this Scheme Booklet (refer Section 6.12 for disclosure of material events since 30 June 2014); and
- (v) this Scheme Booklet is substantially in the form given to ASIC on 27 March 2015.

**14.20 No administrator**

It is not proposed that any person be appointed to manage or administer the Schemes.

**14.21 No relevant restrictions in the constitution of Trafford**

There are no restrictions on the right to transfer Trafford Shares in Trafford's constitution.

#### 14.22 No unacceptable circumstances

The Trafford Directors do not believe that the Schemes involve any circumstances in relation to the affairs of any member of Trafford that could reasonably be characterised as constituting "unacceptable circumstances" for the purposes of section 657A of the Corporations Act.

#### 14.23 Trafford Shareholders in jurisdictions outside Australia, New Zealand and Singapore

This Scheme Booklet and the Schemes are subject to Australian disclosure requirements that may be different to those applicable in other jurisdictions. This Scheme Booklet and the Schemes do not in any way constitute an offer of securities in any place in which, or to any person to whom, it would not be lawful to make such an offer.

Any Trafford Securityholder whose address as shown in the Trafford Share Register or Trafford Option Register at 5.00pm on the Record Date is outside of Australia or its external territories, New Zealand or Singapore will be Ineligible Foreign Shareholders and/or Ineligible Foreign Optionholders for the purposes of the Share Scheme and Option Scheme, other than a Trafford Shareholder or Trafford Scheme Optionholder in respect of whom IronClad is satisfied that the laws of that holder's country of residence (as shown in the Trafford Share Register or Trafford Option Register) would permit the issue and allotment of New IronClad Shares and/or New IronClad Options, either unconditionally or after compliance with conditions which IronClad in its sole discretion regards as acceptable and not unduly onerous.

IronClad will not issue New IronClad Shares to an Ineligible Foreign Shareholder or New IronClad Options to an Ineligible Foreign Optionholder. If you are an Ineligible Foreign Shareholder or Ineligible Foreign Optionholder, you should refer to Section 5.9 for further information.

#### 14.24 Trafford Securityholders in New Zealand

In offering New IronClad Shares or New IronClad Options under the Schemes in New Zealand, IronClad is relying on an exemption contained in the Securities Act (Overseas Companies) Exemption Notice 2013 (as amended) in relation to prospectus and investment statement requirements in New Zealand. This Scheme Booklet is not a prospectus or an investment statement under New Zealand law and does not contain all of the information that such documents are required to contain under New Zealand law. New Zealand investors should seek their own advice and satisfy themselves as to the Australian and New Zealand tax implications of participating in the Schemes.

#### 14.25 Trafford Securityholders in Singapore

This Scheme Booklet and any other document or material in connection with the offer, sale, distribution, or invitation for subscription, purchase or receipt of New IronClad Shares or New IronClad Options have not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, statutory liabilities in connection with the contents of a prospectus under the Securities and Futures Act (SFA), Chapter 289 will not apply.

This Scheme Booklet and any other document or material in connection with the offer, sale, distribution, or invitation for subscription, purchase or receipt of New IronClad Shares or New IronClad Options may not be offered, sold or distributed, or be made the subject of an invitation for subscription, purchase or receipt, whether directly or indirectly, to persons in Singapore except pursuant to exemptions in Subdivision (4) Division 1, Part XIII of the SFA, Chapter 289, or otherwise pursuant to, and in accordance with the conditions of, any other applicable provisions of the SFA.

Any offer is not made to you with a view to the New IronClad Shares or New IronClad Options being subsequently offered for sale to any other party to whom it would be prohibited by Singapore law. You are advised to acquaint yourself with the SFA provisions relating to on-sale restrictions in Singapore and comply accordingly.

IronClad and Trafford are not in the business of dealing in securities nor do they hold themselves out or purport to hold themselves out to be doing so. As such, IronClad and Trafford are not licensed to deal in securities or carry out any other regulated activities under the SFA or any other applicable legislation in Singapore.

#### 14.26 Privacy and personal information

Trafford and IronClad, their respective share registries and investor relations advisers may collect personal information about you in the process of implementing the Schemes. The personal information may include the names, contact details and details of the securityholdings of Trafford Securityholders, and the names of individuals appointed by Trafford Securityholders as proxies, corporate representatives or attorneys at the Scheme Meetings.



The personal information is collected for the primary purpose of implementing the Schemes. The personal information may be disclosed to Trafford's and IronClad's share and option registries and investor relations advisers, to securities brokers and to print and mail service providers.

Trafford Securityholders who are individuals and the other individuals in respect of whom personal information is collected as outlined above have certain rights to access the personal information collected in relation to them. Such individuals should contact Advanced Share Registry Limited on +61 8 9389 8033 in the first instance if they wish to request access to that personal information.

Trafford Securityholders who appoint an individual as their proxy, corporate representative or attorney to vote at the Scheme Meetings should inform that individual of the matters outlined above.

#### 14.27 Due diligence process

The Company has undertaken a due diligence process in relation to the Scheme Booklet to ensure that there are no material omissions from, or misstatements in, the Scheme Booklet. This included forming a due diligence committee including the Independent Trafford Directors and holding meetings of the due diligence committee; the Trafford Directors and management completing questionnaires in relation to themselves and the Company.

#### 14.28 Supplementary information

Trafford will issue a supplementary document to this Scheme Booklet if it becomes aware of any of the following between the date of lodgement of this Scheme Booklet for registration by ASIC and the date of the Scheme Meetings:

- (a) a material statement in this Scheme Booklet that is false or misleading;
- (b) a material omission from this Scheme Booklet;
- (c) a significant change affecting a matter included in this Scheme Booklet; or
- (d) a significant new matter arising that would have been required to be included in this Scheme Booklet if it had arisen before the date of lodgement of this Scheme Booklet for registration by ASIC.

The form of the supplementary document and whether a copy will be sent to each Trafford Securityholder will depend on the nature and timing of the new or changed circumstances. Any such supplementary document will be made available on Trafford's website ([www.traffordresources.com](http://www.traffordresources.com)). Any such supplementary document will also be released to ASX and accordingly will be available from ASX's website ([www.asx.com.au](http://www.asx.com.au)).

#### 14.29 Advisers and experts

- (a) Roles of advisers and experts

The persons named in this Scheme Booklet as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Scheme Booklet are:

Name	Role	Estimate of Fees (excluding GST)
Bellanhouse Legal	Legal adviser to IronClad	\$15,000
Hunt and Humphry	Legal adviser to Trafford	\$20,000
Bentleys Audit & Corporate (WA) Pty Ltd	Auditor to Trafford Auditor to IronClad	nil
Advanced Share Registry Limited	Trafford's share registry IronClad's share registry	nil
BDO Corporate Finance (WA) Pty Ltd	Independent Expert	\$30,600
Henley Valuers	Asset Valuations	\$7,500

Name	Role	Estimate of Fees (excluding GST)
Corvidae Pty Ltd ATF Ravensgate Unit Trust T/As Ravensgate Mining Industry Consultants	Technical Expert	\$27,500

## (b) Consents of advisers and experts

BDO Corporate Finance (WA) Pty Ltd has given its consent to the inclusion of its Independent Expert's Report in this Scheme Booklet in the form and context in which it appears in Annexure A and to be named as Independent Expert, and has not withdrawn that consent before the date of this Scheme Booklet.

BDO Corporate Finance (WA) Pty Ltd takes no responsibility for the contents of the Scheme Booklet other than the Independent Expert's Report. The interests of BDO Corporate Finance (WA) Pty Ltd in its capacity as Independent Expert are disclosed in the Independent Expert's Report.

Bentleys Audit & Corporate (WA) Pty Ltd has:

- (i) consented to the inclusion in the Scheme Booklet of references to the audited financial statements of Trafford as at 30 June 2013, 30 June 2014 and the reviewed financial statements of Trafford as at 31 December 2014 in the form and context in which they appear;
- (ii) reviewed and consented to the inclusion of the Tax implications for Trafford Shareholders section at 11.2; and
- (iii) consented to the inclusion in the Scheme Booklet of references to the audited financial statements of IronClad as at 30 June 2013, 30 June 2014 and the reviewed financial statements of IronClad as at 31 December 2014 in the form and context in which they appear,

and has not withdrawn the above consents before the date of this Scheme Booklet.

Henley Valuers consents to the inclusion of its Independent Valuation Report in this Scheme Booklet in the form and context in which it appears and references to that report in this Scheme Booklet.

Ravensgate Mining Industry Consultants consents to the inclusion of its Independent Valuation Report in this Scheme Booklet in the form and context in which it appears and references to that report in this Scheme Booklet.

IronClad has given its consent to the inclusion of the IronClad Information in the form and context in which it appears and has not withdrawn that consent before the date of this Scheme Booklet.

Each person named in Section 14.29(a) has given, and before the time of registration of this Scheme Booklet with ASIC, has not withdrawn, their consent to being named in this Scheme Booklet in the capacity indicated next to their name.

## (c) Disclaimers of responsibility

Each person named in Section 14.29(a) as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Scheme Booklet:

- (i) has not authorised or caused the issue of this Scheme Booklet or the making of the offer of New IronClad Shares or New IronClad Options under the Schemes;
- (ii) does not make, or purport to make, any statement in this Scheme Booklet or any statement on which a statement in this Scheme Booklet is based, other than a statement included in this Scheme Booklet with the written consent of that person as stated in Section 14.29(b); and
- (iii) makes no representations regarding, and to the maximum extent permitted by law, expressly disclaims and takes no responsibility for, any statements in or omissions from any part of this Scheme Booklet, other than a reference to its name and any statement or report that has been included in this Scheme Booklet with the consent of that person.

(d) Fees

Each person named in Section 14.29(a) as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Scheme Booklet will be entitled to receive professional fees charged in accordance with their normal basis of charging. The estimated fees payable to these parties are set out in Section 14.29(a).

**14.30 Effects of rounding**

A number of figures, amounts, percentages, prices, estimates, calculations of value and fractions in this document including but not limited to those in respect of the Scheme Consideration, are subject to the effect of rounding. Accordingly, the actual calculations of these figures may differ from the figures set out in this Scheme Booklet.

**14.31 Data in charts, graphs and tables**

Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the latest reasonably practicable date before the date of this Scheme Booklet. Any discrepancies in any chart, graph or table between totals and sums of amounts presented or listed therein or to previously published financial figures are due to rounding.

**14.32 No other material information**

Other than as set out in this Scheme Booklet, including the Annexures to this Scheme Booklet, there is no information material to the making of a decision in relation to the Schemes or a decision by a Trafford Securityholder whether or not to vote in favour of the Schemes, being information that is within the knowledge of any Trafford Directors or of a Related Body Corporate of Trafford and which has not previously been disclosed to Trafford Securityholders.

## 15. Glossary of defined terms

The following defined terms used throughout this Scheme Booklet have the meaning set out below unless the context otherwise requires.

<b>A\$ or \$</b>	The lawful currency of Australia.
<b>AASB</b>	The Australian Accounting Standards Board, being the Australian Government Agency responsible for developing and issuing accounting standards applicable to Australian entities and the "care and maintenance" of the body of standards as set out in the <i>Australian Securities and Investments Commission Act 2001</i> (Cth).
<b>AASB Standards</b>	The Australian Accounting Standards issued by the AASB.
<b>Advanced Share Registry</b>	Advanced Share Registry Limited ACN 127 175 946, the share and option registry for both IronClad and Trafford.
<b>Alternative Proposal</b>	<p>A takeover bid, scheme of arrangement, reverse takeover, capital reduction, sale of assets, sale of securities, strategic alliance, joint venture, partnership, dual listed companies structure, economic or synthetic merger or combination or other transaction or arrangement which, if completed, would result in a Third Party:</p> <p>(a) directly or indirectly acquiring or being entitled to acquire a relevant interest or any other direct or indirect interest in more than 20% of the shares of Trafford or more than 20% of the shares in any other member of the Trafford Group that contributes 20% or more of the consolidated net profit after tax of the Trafford Group or whose assets represent 20% or more of the total consolidated assets of the Trafford Group;</p> <p>(b) directly or indirectly acquiring or being entitled to acquire the whole of the business or assets of the Trafford Group or any part of the business or assets of the Trafford Group that contributes 20% or more of the consolidated net profit after tax of the Trafford Group or that represents 20% or more of the total consolidated assets of the Trafford Group; or</p> <p>(c) acquiring Control of Trafford or merging or amalgamating with Trafford or any other member of the Trafford Group that contributes 20% or more of the consolidated net profit after tax of the Trafford Group or whose assets represent 20% or more of the total consolidated assets of the Trafford Group,</p> <p>or which would otherwise require Trafford to abandon, or otherwise fail to proceed with, the Merger.</p>
<b>Annexure</b>	An annexure of this Scheme Booklet.
<b>Announcement Date</b>	24 December 2014, being the date of announcement of the proposed Merger between IronClad and Trafford.
<b>ASIC</b>	The Australian Securities and Investments Commission.
<b>Associate</b>	Has the meaning given to it in the Corporations Act.
<b>ASX</b>	ASX Limited ABN 98 008 624 691.
<b>ASX Listing Rules</b>	The listing rules of ASX.
<b>ASX Settlement Rules</b>	The settlement rules of ASX Settlement Pty Ltd ACN 008 504 532.
<b>Business Day</b>	A weekday on which banks are open for general banking business in Perth, Western Australia.

<b>Cash Proceeds</b>	The sale proceeds of New IronClad Shares sold under the Share Sale Facility by the Sale Agent in respect of Ineligible Foreign Shareholders and Ineligible Foreign Optionholders, less any applicable brokerage, selling costs, taxes and charges.
<b>Common Directors</b>	Neil McKay and Ian Finch.
<b>Control</b>	The meaning given in section 50AA of the Corporations Act.
<b>Corporations Act</b>	The <i>Corporations Act 2001</i> (Cth).
<b>Corporations Regulations</b>	The <i>Corporations Regulations 2001</i> (Cth).
<b>Court</b>	Any court of competent jurisdiction under the Corporations Act, including the Supreme Court of Western Australia and the Federal Court of Australia.
<b>Deed Polls</b>	The Share Scheme Deed Poll and the Option Scheme Deed Poll.
<b>Effective</b>	When used in relation to a Scheme, means the coming into effect, pursuant to section 411(10) of the Corporations Act, of the order of the Court made under sections 411(4)(b) and 411(6) in relation to the Scheme.
<b>Effective Date</b>	When used in relation to a Scheme, means the date on which the Scheme becomes Effective.
<b>Governmental Agency</b>	Any government, government department or a governmental, semi-governmental, administrative, statutory or judicial entity, agency, authority, commission, department, tribunal, or person charged with the administration of a law or agency, whether in Australia or elsewhere, including the Foreign Investment Review Board, ASIC, the Takeovers Panel, and any self-regulatory organisation established under statute or by ASX.
<b>Implementation Date</b>	The date that is the fifth Business Day after the Record Date.
<b>Independent Expert</b>	BDO Corporate Finance (WA) Pty Ltd.
<b>Independent Expert's Report (Option Scheme)</b>	The report of the Independent Expert in relation to the Option Scheme as set out in Annexure A.
<b>Independent Expert's Report (Share Scheme)</b>	The report of the Independent Expert in relation to the Share Scheme as set out in Annexure A.
<b>Independent Expert's Report</b>	The Independent Expert's Report (Share Scheme and the Option Scheme) as set out in Annexure A.
<b>Independent Trafford Directors</b>	The directors of Trafford other than the Common Directors.
<b>Independent Valuation Report</b>	The Independent Technical Specialist Valuation Report prepared by Ravensgate Mining Industry Consultants as to the value of the mineral assets of both Trafford and IronClad, accompanying this Scheme Booklet as Appendix 3 to the Independent Expert's Report.
<b>Ineligible Foreign Optionholder</b>	A Trafford Scheme Optionholder whose address as shown in the Trafford Option Register at 5.00pm on the Record Date is a place outside Australia or its external territories, New Zealand or Singapore, other than one in respect of whom IronClad is satisfied that the laws of the Trafford Scheme Optionholder's country of residence (as shown in the Trafford Option Register) would permit the issue and allotment of New IronClad Options, either unconditionally or after compliance with conditions which IronClad in its sole discretion regards as acceptable and not unduly onerous.

<b>Ineligible Foreign Shareholder</b>	A Trafford Shareholder whose address as shown in the Trafford Share Register at 5.00pm on the Record Date is a place outside Australia or its external territories, New Zealand or Singapore, other than one in respect of whom IronClad is satisfied that the laws of the Trafford Shareholder's country of residence (as shown in the Trafford Share Register) would permit the issue and allotment of New IronClad Shares, either unconditionally or after compliance with conditions which IronClad in its sole discretion regards as acceptable and not unduly onerous.
<b>Interested Person</b>	A person named in Section 14.15.
<b>IronClad</b>	IronClad Mining Limited ACN 124 990 405.
<b>IronClad Board</b>	The board of IronClad Directors as at the date of this Scheme Booklet.
<b>IronClad Directors</b>	The directors of IronClad.
<b>IronClad Group</b>	IronClad and its subsidiaries.
<b>IronClad Information</b>	The information concerning IronClad and the Merged Group provided by IronClad to Trafford in writing for inclusion in this Scheme Booklet.
<b>IronClad Option</b>	An unlisted option to subscribe for an IronClad Share.
<b>IronClad Option Register</b>	The register of IronClad Optionholders maintained by Advanced Share Registry.
<b>IronClad Optionholder</b>	Each person who is registered in the IronClad Option Register from time to time as the holder of an IronClad Option.
<b>IronClad Prescribed Event</b>	Has the meaning given to that term in clause 1.1 of the Merger Implementation Agreement (refer to Trafford's ASX announcement dated 24 December 2014).
<b>IronClad Share</b>	A fully paid ordinary share in the capital of IronClad.
<b>IronClad Share Register</b>	The register of IronClad Shareholders maintained by Advanced Share Registry.
<b>IronClad Shareholder</b>	Each person who is registered in the IronClad Share Register from time to time as the holder of an IronClad Share.
<b>Merged Group</b>	The corporate group comprising IronClad and its subsidiaries, including Trafford and its subsidiaries, if the Share Scheme is implemented.
<b>Merged Group Board</b>	The board of directors of IronClad, after the implementation of the Share Scheme.
<b>Merger</b>	The proposed merger between IronClad and Trafford on the terms and conditions in this Scheme Booklet.
<b>Merger Implementation Agreement or MIA</b>	The merger implementation agreement dated 24 December 2014 between Trafford and IronClad relating to the implementation of the Schemes (refer to Trafford's ASX announcement dated 24 December 2014).
<b>New IronClad Option</b>	Those IronClad Options each exercisable at \$0.20 on or before 20 May 2015 and otherwise on the terms and conditions set out in Annexure H to be issued to Trafford Scheme Optionholders in consideration for their Trafford Scheme Options pursuant to the Option Scheme.
<b>New IronClad Share</b>	An IronClad Share to be issued as consideration under the Share Scheme.
<b>Option Scheme</b>	The proposed scheme of arrangement between Trafford and the Option Scheme Participants as described in clause 3 of the Merger Implementation Agreement and set out in Annexure C.
<b>Option Scheme Consideration</b>	The New IronClad Options to be issued to Option Scheme Participants under the terms of the Option Scheme in consideration for the cancellation of their Trafford Scheme Options.

<b>Option Scheme Deed Poll</b>	The deed poll dated 24 December 2014 executed by IronClad whereby, among other things, IronClad covenants to carry out its obligations under the Option Scheme, as set out in Annexure E.
<b>Option Scheme Meeting</b>	The meeting of Trafford Scheme Optionholders to be held on 4 May 2015 to consider and vote on the Option Scheme. The notice convening the Option Scheme Meeting is contained in Annexure G.
<b>Option Scheme Participant or Trafford Scheme Optionholder</b>	Each person who is registered in the Trafford Option Register as the holder of a Trafford Scheme Option as at 5.00pm on the Record Date.
<b>Option Scheme Resolution</b>	The resolution set out in the Notice of Option Scheme Meeting at Annexure G.
<b>Record Date</b>	11 May 2015.
<b>Reimbursement Fee</b>	Has the meaning given to that term in clause 1.1 of the Merger Implementation Agreement (refer to Trafford's ASX announcement dated 24 December 2014).
<b>Related Body Corporate</b>	The meaning given to it in the Corporations Act.
<b>Relevant Interest</b>	The meaning given to it in sections 608 and 609 of the Corporations Act.
<b>Requisite Majority</b>	<p>In respect of the Share Scheme, approval by:</p> <p>(a) more than 50% in number of Trafford Shareholders present and voting (whether in person, by proxy, by attorney or, in the case of a corporation, by corporate representative); and</p> <p>(b) at least 75% of the total number of votes cast on the Share Scheme Resolution by Trafford Shareholders,</p> <p>and, in respect of the Option Scheme, approval by:</p> <p>(c) more than 50% in number of Trafford Scheme Optionholders present and voting (whether in person, by proxy, by attorney or, in the case of a corporation, by corporate representative); and</p> <p>(d) Trafford Scheme Optionholders whose Trafford Scheme Options amount in aggregate to at least 75% (by value) of the total of all Trafford Scheme Options voted by Trafford Scheme Optionholders present and voting at the Option Scheme Meeting on the Option Scheme Resolution.</p> <p>The value of the Option Scheme Consideration that would be payable to a Trafford Scheme Optionholder as Option Scheme Consideration will be used to determine the value of voting entitlements on the Option Scheme Resolution. A valuation of the New IronClad Options to be issued as Option Scheme Consideration is set out in section 13 of the Independent Expert's Report.</p>
<b>Sale Agent</b>	A nominee approved by ASIC appointed by IronClad to sell New IronClad Shares and New IronClad Options on behalf of Ineligible Foreign Shareholders and Ineligible Foreign Optionholders.
<b>Scheme Booklet</b>	This booklet that comprises the explanatory statement in respect of the Schemes to be approved by the Court and despatched to Trafford Securityholders, and includes the Annexures to this booklet.
<b>Scheme Conditions</b>	The conditions for implementation of the Share Scheme as set out in clause 2.2 of the Merger Implementation Agreement and clause 3.1 of the Share Scheme, and the conditions for implementation of the Option Scheme as set out in clause 2.4 of the Merger Implementation Agreement, and clause 3.1 of the Option Scheme (as the context requires).
<b>Scheme Consideration</b>	The Share Scheme Consideration and/or the Option Scheme Consideration (as the context requires).

<b>Scheme Meetings</b>	The meetings of Trafford Shareholders and Trafford Scheme Optionholders ordered by the Court to be convened pursuant to section 411(1) of the Corporations Act to consider and, if thought fit, to approve the Schemes.
<b>Scheme or Schemes</b>	The Share Scheme and/or the Option Scheme (as the context requires).
<b>Scheme Participant</b>	A Share Scheme Participant and/or an Option Scheme Participant (as the context requires).
<b>Second Court Date</b>	The first day of the Second Court Hearing.
<b>Second Court Hearing</b>	The hearing of the application made to the Court for an order pursuant to sections 411(4)(b) and 411(6) of the Corporations Act approving the Schemes.
<b>Section</b>	A section of this Scheme Booklet.
<b>Share Sale Facility</b>	The mechanism by which Ineligible Foreign Shareholders and Ineligible Foreign Optionholders receive Cash Proceeds of any sale of New IronClad Shares or New IronClad Options they would otherwise receive, as described in Section 5.9.
<b>Share Scheme</b>	The scheme of arrangement between Trafford and the Share Scheme Participants as described in clause 3 of the Merger Implementation Agreement and set out in Annexure B.
<b>Share Scheme Consideration</b>	New IronClad Shares to be issued to Share Scheme Participants under the terms of the Share Scheme in consideration for the transfer to IronClad of Trafford Shares or the Cash Proceeds equivalent to be paid under the Share Sale Facility.
<b>Share Scheme Deed Poll</b>	The share scheme deed poll dated 24 December 2014 executed by IronClad whereby, among other things, IronClad covenants to carry out its obligations under the Share Scheme, as set out in Annexure D.
<b>Share Scheme Meeting</b>	The meeting of Trafford Shareholders to be held on 4 May 2015 to consider and vote on the Share Scheme. The notice convening the Share Scheme Meeting is contained in Annexure F.
<b>Share Scheme Participant</b>	Each person who is registered in the Trafford Share Register as the holder of a Trafford Share as at 5.00pm on the Record Date.
<b>Share Scheme Resolution</b>	The resolution set out in the Notice of Share Scheme Meeting at Annexure F.
<b>Superior Proposal</b>	<p>A written bona fide Alternative Proposal received after the date of the Merger Implementation Agreement that:</p> <ul style="list-style-type: none"> <li>(a) does not result from a breach by Trafford of any of its obligations of exclusivity under the Merger Implementation Agreement or from any act by a Trafford Group member which, if done by Trafford, would constitute a breach of its obligations of exclusivity under the Merger Implementation Agreement; and</li> <li>(b) the Trafford Board determines, acting in good faith and after having taken advice from its external legal and financial advisers: <ul style="list-style-type: none"> <li>(i) is reasonably capable of being valued and implemented, taking into account all aspects of the Alternative Proposal, including any timing considerations, any conditions precedent and the identity of the proponent; and</li> <li>(ii) would, if completed substantially in accordance with its terms, be more favourable to Trafford Shareholders (as a whole) than the Merger, taking into account all the terms and conditions of the Alternative Proposal and the Merger.</li> </ul> </li> </ul>
<b>Sunset Date</b>	31 July 2015 or such date as extended by agreement between Trafford and IronClad.



<b>Third Party</b>	A person other than IronClad or its related bodies corporate.
<b>Trafford or Company</b>	Trafford Resources Limited ACN 112 257 299.
<b>Trafford Board</b>	The board of Trafford Directors as at the date of this Scheme Booklet.
<b>Trafford Directors</b>	The directors of Trafford.
<b>Trafford Group</b>	Trafford and its subsidiaries.
<b>Trafford Option</b>	An option to subscribe for a Trafford Share.
<b>Trafford Option Register</b>	The register of Trafford Optionholders maintained by Advanced Share Registry in accordance with the Corporations Act.
<b>Trafford Optionholder</b>	Each person who is registered in the Trafford Option Register from time to time as the holder of a Trafford Option.
<b>Trafford Performance Right</b>	A performance right which entitles the holder to subscribe for one Trafford Share.
<b>Trafford Prescribed Event</b>	Has the meaning given to that term in clause 1.1 of the Merger Implementation Agreement (refer to Trafford's ASX announcement dated 24 December 2014).
<b>Trafford Scheme Option</b>	A Trafford Option which is admitted to official quotation on ASX with an exercise price of \$0.20 and an expiry date of 20 May 2015 on issue in Trafford at 5.00pm on the Record Date.
<b>Trafford Scheme Optionholder</b>	See the definition of "Option Scheme Participant".
<b>Trafford Security</b>	Trafford Share or Trafford Option.
<b>Trafford Securityholder</b>	A Trafford Shareholder or Trafford Scheme Optionholder.
<b>Trafford Securityholder Information Line</b>	The Trafford Securityholder information line established by Trafford for the purposes of the Schemes.
<b>Trafford Share</b>	A fully paid ordinary share in the capital of Trafford.
<b>Trafford Share Register</b>	The register of Trafford Shareholders maintained by Advanced Share Registry in accordance with the Corporations Act.
<b>Trafford Shareholder</b>	Each person who is registered in the Trafford Share Register from time to time as the holder of a Trafford Share.
<b>WST</b>	Western Standard Time.

## Annexure

## **Annexure A - Independent Expert's Report (Share Scheme and Option Scheme)**





**TRAFFORD RESOURCES LIMITED**  
**Independent Expert's Report**

10 March 2015



## Financial Services Guide

10 March 2015

BDO Corporate Finance (WA) Pty Ltd ABN 27 124 031 045 ('we' or 'us' or 'ours' as appropriate) has been engaged by Trafford Resources Limited ('Trafford') to provide an independent expert's report on the proposed merger between Trafford and IronClad Mining Limited ('IronClad'). You will be provided with a copy of our report as a retail client because you are a shareholder of Trafford.

### Financial Services Guide

In the above circumstances we are required to issue to you, as a retail client, a Financial Services Guide ('FSG'). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- ◆ Who we are and how we can be contacted;
- ◆ The services we are authorised to provide under our Australian Financial Services Licence, Licence No. 316158;
- ◆ Remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- ◆ Any relevant associations or relationships we have; and
- ◆ Our internal and external complaints handling procedures and how you may access them.

### Information about us

BDO Corporate Finance (WA) Pty Ltd is a member firm of the BDO network in Australia, a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International). The financial product advice in our report is provided by BDO Corporate Finance (WA) Pty Ltd and not by BDO or its related entities. BDO and its related entities provide services primarily in the areas of audit, tax, consulting and financial advisory services.

We do not have any formal associations or relationships with any entities that are issuers of financial products. However, you should note that we and BDO (and its related entities) might from time to time provide professional services to financial product issuers in the ordinary course of business.

### Financial services we are licensed to provide

We hold an Australian Financial Services Licence that authorises us to provide general financial product advice for securities to retail and wholesale clients.

When we provide the authorised financial services we are engaged to provide expert reports in connection with the financial product of another person. Our reports indicate who has engaged us and the nature of the report we have been engaged to provide. When we provide the authorised services we are not acting for you.

### General Financial Product Advice

We only provide general financial product advice, not personal financial product advice. Our report does not take into account your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice.

## **Fees, commissions and other benefits that we may receive**

We charge fees for providing reports, including this report. These fees are negotiated and agreed with the person who engages us to provide the report. Fees are agreed on an hourly basis or as a fixed amount depending on the terms of the agreement. The fee payable to BDO Corporate Finance (WA) Pty Ltd for this engagement is approximately \$33,500.

Except for the fees referred to above, neither BDO, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

## **Remuneration or other benefits received by our employees**

All our employees receive a salary. Our employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report. We have received a fee from Trafford for our professional services in providing this report. That fee is not linked in any way with our opinion as expressed in this report.

## **Referrals**

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

## **Complaints resolution**

### *Internal complaints resolution process*

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing addressed to The Complaints Officer, BDO Corporate Finance (WA) Pty Ltd, PO Box 700 West Perth WA 6872.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than **45 days** after receiving the written complaint, we will advise the complainant in writing of our determination.

## **Referral to External Dispute Resolution Scheme**

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Ombudsman Service ('FOS'). FOS is an independent organisation that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial service industry. FOS will be able to advise you as to whether or not they can be of assistance in this matter. Our FOS Membership Number is 12561. Further details about FOS are available at the FOS website [www.fos.org.au](http://www.fos.org.au) or by contacting them directly via the details set out below.

Financial Ombudsman Service  
GPO Box 3  
Melbourne VIC 3001  
Toll free: 1300 78 08 08  
Facsimile: (03) 9613 6399  
Email: [info@fos.org.au](mailto:info@fos.org.au)

## **Contact details**

You may contact us using the details set out on page 1 of the accompanying report.

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Appendix 1 - Glossary and copyright notice

Appendix 2 - Valuation Methodologies

Appendix 3 - Independent Valuation Report of Trafford's and IronClad's Exploration Assets

Appendix 4 - Independent Valuation Report of IronClad's Equipment

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10 March 2015

The Directors  
Trafford Resources Limited  
Level 2, 679 Murray Street  
WEST PERTH WA 6005

Dear Directors

## INDEPENDENT EXPERT'S REPORT

### 1. Introduction

On 24 December 2014, Trafford Resources Limited ('Trafford' or 'the Company') announced it had executed a Merger Implementation Agreement ('MIA') relating to the proposed merger between IronClad Mining Limited ('IronClad') and Trafford. If approved by Trafford shareholders, the proposed merger will be implemented by way of a share scheme of arrangement, under which IronClad will offer one IronClad share for every Trafford share held ('the Share Scheme').

The proposed merger will also entail Trafford optionholders who hold options exercisable at \$0.20 on or before 20 May 2015 receiving an IronClad option for every Trafford option held. The new options issued in IronClad will have the same exercise price as the existing Trafford options but will expire on 20 May 2016. If approved by Trafford option holders, the proposed merger will be implemented by way of an option scheme arrangement ('the Option Scheme').

The Share Scheme and Option Scheme are collectively referred to as 'the Schemes'.

### 2. Summary and Opinion

#### 2.1 Purpose of the report

The directors of Trafford have requested that BDO Corporate Finance (WA) Pty Ltd ('BDO') prepare an independent expert's report ('our Report') to express an opinion as to whether or not the Share Scheme is in the best interests of the non associated shareholders of Trafford ('Shareholders'), and whether or not the Option Scheme is in the best interest of Trafford option holders ('Optionholders').

Our Report is prepared pursuant to section 411 of the Corporations Act 2001 (Cth) ('the Act') in order to assist the Shareholders and Optionholders in their decisions whether to approve the Share Scheme and Option Schemes respectively, and will be included in a scheme booklet for Trafford to be sent to all Shareholders and Optionholders ('Scheme Booklet').



## 2.2 Approach

Our Report has been prepared having regard to Australian Securities and Investments Commission ('ASIC') Regulatory Guide 60 'Schemes of Arrangements' ('RG 60'), Regulatory Guide 111 'Content of Expert's Reports' ('RG 111') and Regulatory Guide 112 'Independence of Experts' ('RG 112').

In arriving at our opinion, we have assessed the terms of the Scheme as outlined in the body of this report. We have considered:

- A post merger analysis;
- The likelihood of a superior alternative offer being available to Trafford;
- A comparison of the value of a Trafford share to the value of an IronClad share following the merger;
- A comparison of the value of a Trafford option to the value of an IronClad option following the merger;
- Other factors which we consider to be relevant to Shareholders and Optionholders in their assessment of the Schemes; and
- The position of Shareholders and Optionholders should the Schemes not proceed.

## 2.3 Opinion

We have considered the terms of the Share Scheme as outlined in the body of this report and have concluded that, in the absence of a superior offer, the Share Scheme is fair and reasonable and in the best interest of Shareholders.

We have also concluded that, in the absence of a superior offer, the Option Scheme is fair and reasonable and in the best interest of Optionholders.

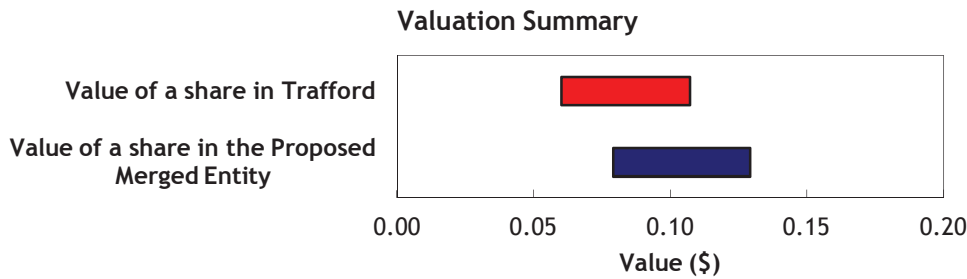
## 2.4 Fairness

In section 14.1, we concluded that the value of an IronClad share following the merger (the combined entity of Trafford and IronClad following the implementation of the Schemes) ('Proposed Merged Entity') on a minority interest basis, received as consideration under the Share Scheme is greater than the value of a Trafford share prior to the implementation of the Share Scheme on a control basis. Therefore, we conclude that the Share Scheme is fair to Shareholders.

	Ref	Low \$	Preferred \$	High \$
Value of share in Trafford (on a control basis)	11.3	0.060	0.084	0.106
Value of a share in the Proposed Merged Entity (on a minority interest basis)	12.2	0.079	0.105	0.129

Source: BDO analysis

The above valuation ranges are graphically presented below:

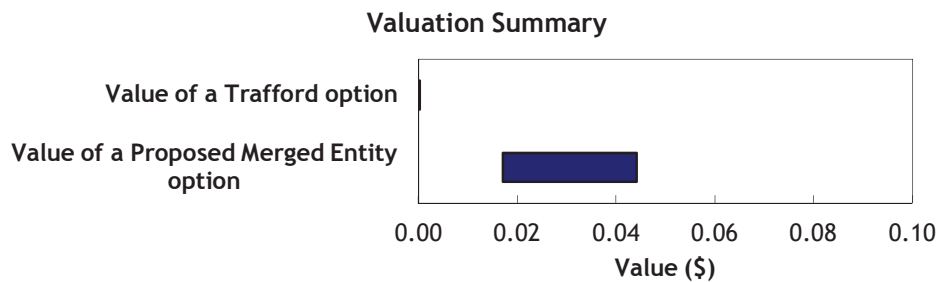


The above pricing indicates that, in the absence of any other relevant information, and a superior offer, the Share Scheme is fair for Shareholders.

In section 14.2, we concluded that the value of a Proposed Merged Entity option following the merger, received as consideration under the Option Scheme is greater than the value of a Trafford option prior to the implementation of the Option Scheme. Therefore, we conclude that the Option Scheme is fair to Optionholders.

	Ref	Low \$	Preferred \$	High \$
Value of a Trafford option	13.1.2	nil	nil	nil
Value of a Proposed Merged Entity option	13.2	0.017	0.030	0.044

The above valuation ranges are graphically presented below:



The above pricing indicates that, in the absence of any other relevant information, and a superior offer, the Option Scheme is fair for Optionholders.

## 2.5 Reasonableness

We have considered the analysis in section 15 of this report, in terms of both:

- advantages and disadvantages of the Schemes; and
- other considerations, including the position of Shareholders and Optionholders if the Schemes do not proceed and the consequences of not approving the Schemes.

We have considered the reasonableness of the Schemes together as the advantages and disadvantages of the Share Scheme and Option Scheme are common to both.

In our opinion, the position of Shareholders if the Share Scheme is approved is more advantageous than the position if the Share Scheme is not approved. Accordingly, in the absence of any other relevant information and/or a superior proposal we believe that the Share Scheme is reasonable for Shareholders.

In our opinion, the position of Optionholders if the Option Scheme is approved is more advantageous than the position if the Option Scheme is not approved. Accordingly, in the absence of any other relevant information and/or a superior proposal we believe that the Option Scheme is reasonable for Shareholders.

The respective advantages and disadvantages of the Schemes considered are summarised below:

ADVANTAGES AND DISADVANTAGES			
Section	Advantages	Section	Disadvantages
15.1.1	The Schemes are fair	15.2.1	Shareholders' and Optionholders' interests will be diluted
15.1.2	Provide the Proposed Merged Entity with access to IronClad's infrastructure		
15.1.3	Creation of a combined group with a stronger financial position		
15.1.4	Creation of a company with a larger and more diversified portfolio of assets		
15.1.5	Cleaner ownership structure of assets		
15.1.6	The Proposed Merged Entity can utilise operating cost synergies		
15.1.7	Continuation as a going concern		
15.1.8	Likelihood of increased liquidity in the shares of the Proposed Merged Entity		

Other key matters we have considered include:

Section	Description
15.3.1	No alternative proposals
15.3.2	Consequences of not approving the Schemes

### 3. Scope of the Report

#### 3.1 Purpose of the Report

The Schemes are to be implemented pursuant to section 411 of the Act. Part 3 of Schedule 8 to the Act prescribes the information to be sent to securityholders in relation to schemes of arrangement pursuant to section 411 of the Act ('Section 411').

Schedule 8 of the Act requires an independent expert's report if:

- The corporation that is the other party to the scheme has a common director or directors with the company which is the subject of the scheme; or
- The corporation that is the other party is entitled to more than 30% of the voting shares in the subject company.

The expert must be independent and must state whether or not, in his or her opinion, the proposed scheme is in the best interest of the members of the company the subject of the scheme and setting out his or her reasons for that opinion.

IronClad and Trafford have common directors. Accordingly, there is a requirement for this report pursuant to Section 411.

The requirement of an independent expert's report is also a precondition in the MIA, which states that for the Schemes to proceed, the independent expert's report must conclude that the Schemes are in the best interest of Trafford Shareholders and Optionholders.

#### 3.2 Regulatory guidance

The Act does not define the term 'in the best interests of'. In determining whether the Schemes are in the best interests of Shareholders and Optionholders, we have had regard to the views expressed by ASIC in RG 111. This regulatory guide provides guidance as to what matters an independent expert should consider to assist security holders to make informed decisions about transactions.

A key matter under RG 111 that an expert needs to consider when determining the appropriate form of analysis is whether or not the effect of the transaction is comparable to a takeover bid and is therefore representative of a change of 'control' transaction.

In the circumstance of a scheme that achieves the same outcome as a takeover bid, RG 111 suggests that the form of the analysis undertaken by the independent expert should be substantially the same as for a takeover. Independent expert reports required under the Act in the circumstance of a takeover are required to provide an opinion as to whether or not the takeover bid is 'fair and reasonable'. While there is no definition of 'fair and reasonable', RG 111 provides some guidance as to how the terms should be interpreted in a range of circumstances. RG 111 suggests that an opinion as to whether transactions are

fair and reasonable should focus on the purpose and outcome of the transaction, that is, the substance of the transaction rather than the legal mechanism to effect the transaction.

Schemes of arrangement pursuant to Section 411 can encompass a wide range of transactions. Accordingly, 'in the best interests' must be capable of a broad interpretation to meet the particular circumstances of each transaction. This involves judgment on the part of the expert as to the overall commercial effect of the transaction, the circumstances that have led to the transaction and the alternatives available.

The expert must weigh up the advantages and disadvantages of the proposed transaction and form an overall view as to whether shareholders are likely to be better off if the proposed transaction is implemented than if it is not. This assessment is the same as that required for a 'fair and reasonable' assessment in the case of a takeover. If the expert would conclude that a proposal is 'fair and reasonable', if it was in the form of a takeover bid, the expert will also be able to conclude that the scheme is in the best interests of shareholders. An opinion of 'in the best interests' does not imply the best possible outcome for shareholders.

We do not consider the Schemes to be control transactions. As such, we have used RG 111 as a guide for our analysis but have considered the Schemes as if they were not control transactions.

### 3.3 Adopted basis of evaluation

RG 111 states that a transaction is fair if the value of the offer price or consideration is greater than the value of the securities subject of the offer. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length. Further to this, RG 111 states that a transaction is reasonable if it is fair. It might also be reasonable if despite being 'not fair' the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid.

Having regard to the above, BDO has completed this comparison in three parts:

- A comparison between the value of a Trafford share including a premium for control and the value of a share in the Proposed Merged Entity on a minority interest basis for the Share Scheme and a comparison between the value of an option over a Trafford share on a control basis and the value of an option over a Proposed Merged Entity share on a minority basis for the Option Scheme (fairness - see Section 14 'Are the Schemes Fair?');
- An investigation into other significant factors to which Shareholders and Optionholders might give consideration, prior to approving the Schemes, after reference to the value derived above (reasonableness - see Section 15 'Are the Schemes Reasonable?'); and
- A consideration of whether the Schemes are in the best interests of Shareholders and Optionholders.

RG 111 states that if a transaction is fair and reasonable then the expert can conclude that the transaction is in the best interests of shareholders; if a transaction is not fair but reasonable an expert can still conclude that the transaction is in the best interests of shareholders; if a transaction is neither fair nor reasonable then the expert would conclude that the transaction is not in the best interests of shareholders.

This assignment is a Valuation Engagement as defined by Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services' ('APES 225').

A Valuation Engagement is defined by APES 225 as follows:

*‘an Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Valuer is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Valuer at that time.’*

This Valuation Engagement has been undertaken in accordance with the requirements set out in APES 225.

## 4. Outline of the Schemes

On 24 December 2014, Trafford announced it had executed a MIA relating to the proposed merger with IronClad. The proposed merger will be implemented by way of two schemes of arrangement, being a Share Scheme and an Option Scheme as detailed below.

### Share Scheme

Under the proposed Share Scheme, all of the shares in Trafford will be transferred to IronClad and existing Trafford Shareholders will receive one share in IronClad for every Trafford share held. This will result in IronClad issuing an additional 128,653,062 shares, taking the total number of shares of the Proposed Merged Entity to 208,081,459 after the cancellation of the IronClad shares held by Trafford. The shareholding of the Proposed Merged Entity following the implementation of the Share Scheme is set out below.

Summary of Merged Entity	Number
Number of shares Trafford has on issue	124,866,562
Conversion of performance rights to shares	3,786,500
Number of Trafford shares on issue held by IronClad	-
<b>Total shares on issue subject to the Share Scheme</b>	<b>128,653,062</b>
Exchange ratio, number of IronClad shares for each Trafford share	1
Number of IronClad shares to be issued under the Share Scheme	<u>128,653,062</u>
<b>Ironclad following the Share Scheme</b>	
Number of shares IronClad currently has on issue	108,203,871
Maximum number of shares to be issued to Trafford shareholders under the Offer	128,653,062
Less: Current IronClad shares held by Trafford which will be cancelled under the Share Scheme*	<u>(28,775,445)</u>
Number of shares on issue on completion of the Share Scheme	<u>208,081,488</u>
Interest in the Proposed Merged Entity held by Trafford shareholders	61.83%
Interest in the Proposed Merged Entity held by existing Ironclad shareholders	38.17%
	<u>100.00%</u>

\*The cancellation of the shares requires approval by IronClad shareholders at an extraordinary general meeting ('EGM').

Given that if the Schemes are approved, both Trafford and IronClad will form the Proposed Merged Entity, we have assumed that IronClad shareholders will approve the cancellation of the shares.

The conditions precedent to the Share Scheme include but are not limited to the following:

- Between the date of the MIA and the date of Shareholder approval, the independent Trafford Directors do not change or withdraw their recommendation to Shareholders to vote in favour of the Share Scheme;
- The Court orders the convening of the Share Scheme meeting and gives all relevant approvals;
- The Independent Expert concluding that the Share Scheme is in the best interests of Shareholders;
- The resolution in relation to the Share Scheme being passed by the required majorities of Shareholders;
- The new shares in the Proposed Merged Entity to be issued as consideration pursuant to the Share Scheme are granted approval for official quotation by ASX; and
- The Court approves the Option Scheme on terms that are reasonably acceptable to the parties.

### Option Scheme

Under the proposed Option Scheme, Optionholders who hold options exercisable at \$0.20 on or before 20 May 2015, will receive an option in the Proposed Merged Entity for every Trafford option held. The options in the Proposed Merged Entity will be exercisable at \$0.20 and will expire on 20 May 2016. This will result in the Proposed Merged Entity issuing 25,700,963 options to Trafford Optionholders.

There are 8,687,174 listed Trafford options that expire on 16 February 2015 at an exercise price of \$0.10. These options will lapse prior to the implementation of the Schemes and therefore do not form part of the Option Scheme.

The conditions precedent to the Option Scheme include but are not limited to the following:

- Between the date of the MIA and the date of Shareholder approval, the independent Trafford Directors do not change or withdraw their recommendation to Optionholders to vote in favour of the Share Scheme;
- The Court orders the convening of the Option Scheme meeting and gives all relevant approvals;
- The Independent Expert concluding that the Option Scheme is in the best interests of Shareholders;
- The resolution in relation to the Option Scheme being passed by the required majorities of Optionholders;
- The new options in the Proposed Merged Entity to be issued as consideration pursuant to the Option Scheme are granted approval for official quotation by ASX; and
- The Court approves the Share Scheme on terms that are reasonably acceptable to the parties.

Following the approval of the Schemes, the existing Board of IronClad will remain as the Board of the Proposed Merged Entity.

Please refer to section 12 of the Scheme Booklet for further details of the conditions precedent to the Schemes.

## 5. Profile of Trafford

### 5.1 History

Trafford incorporated on 17 December 2004 and is focused on mineral exploration and the development of its Wilcherry Hill project in South Australia. The Company officially listed on the Australian Securities Exchange ('ASX') on 18 June 2006. The Company's current board of directors and senior management are:

- Mr Ian Finch, Managing Director;
- Mr Mark Le Grange, Director;
- Mr Neil McKay, Non-Executive Director;
- Dr Allan Trench Non-Executive Director; and
- Mr Pragyugi Gouw, Company Secretary.

On 18 April 2007, the Company announced its intention to publicly list its wholly owned subsidiary IronClad to further advance the Wilcherry Hill iron ore project. The Company's aim in listing IronClad was to facilitate and provide initial funding for the early development of the Wilcherry Hill iron ore resource, allowing Trafford to focus on its ongoing exploration of its gold, uranium and zinc prospects without diluting the current shareholdings in the Company.

On 22 May 2007, Trafford entered into a Joint Venture agreement with IronClad, whereby IronClad acquired a 50% interest, with the right to earn an additional 30% for a total expenditure of \$10 million in the magnetite deposits owned by the Company. The agreement allowed Trafford to retain a 20% free carried interest through to production.

Under the above agreement, IronClad was responsible for ongoing ore definition drilling, a full feasibility study into the development, production and marketing of the iron ore and subsequent construction and mining and marketing operations. Trafford was to retain the rights to all other minerals in its tenements including gold, copper, uranium and any credit which may be produced with the iron.

On 18 June 2007, Trafford announced the closing of IronClad's Initial Public Offering ('IPO') of 20 million shares at \$1.00 per share. On 10 July 2007, IronClad officially listed on the ASX. On the date of listing, IronClad had 40 million shares on issue, with Trafford holding a 50% interest in IronClad.

Trafford's most recent capital raising was completed on 15 July 2014, in which the Company raised \$304,050 through the issue of 4,343,587 shares at \$0.07 per share with two free attaching options for every share subscribed. Funds raised from the capital raising were used to further advance the Company's exploration programmes, in particular follow-up work of the maiden discovery at Wilcherry Hill.



## 5.2 Projects

Set out below is a brief description of the Company's projects.

### Wilcherry Hill

The Wilcherry Hill project is located approximately 30km north of the township of Kimba on the northern Eyre Peninsula of South Australia close to the major steel making town of Whyalla.

The Wilcherry Hill project initially comprised of four exploration licences, covering 976 km<sup>2</sup>. The project area is located about 30km north of the township of Kimba on the northern Eyre Peninsula of South Australia.

In 2002, Aquila Resources Limited ('Aquila') acquired the project from AngloGold Limited and on 28 February 2006 the Company acquired the tenements from Aquila through the exercise of an option agreement.

Since the acquisition of Wilcherry Hill from Aquila, the Company has acquired an additional four tenements; Mount Double (EL4443), Mount Miccollo (EL4748), Pinkawillnie (EL4870), Reid Lookout (EL4945) and Siam (EL4946) with the project area now covering over 2,692km<sup>2</sup>.

### Twin Peaks & Moorarie Rocks - Iron Ore Joint Venture

The Twin Peaks and Moorarie Rocks Joint Venture is an iron ore joint venture between Trafford and Independence Group NL ('IGO'). Trafford satisfied its initial earning obligation in January 2013 for a 51% interest and may earn up to 80% by expending \$5 million over 5 years. The projects are located North-East of Geraldton in the Murchison region of WA, within the Yilgarn Craton.

### Western Gawler Craton & Challenger Joint Venture Project, South Australia

On 7 August 2012, Trafford announced the purchase of Southern Gold Limited's ('Southern Gold') 51% share in the Challenger Joint Venture with Dominion Gold Operations Pty Ltd ('DGO'), a 100% owned subsidiary of Kingsgate Consolidated Limited. Trafford satisfied its earning obligations on payment of \$500,000 cash and the issue of 3 million Trafford shares at \$0.18, with a further \$1 million of Trafford shares to be issued once the Company commences a feasibility study on a JORC Resource of over 500,000 ounces of gold.

Trafford now has access to approximately 7,100 km<sup>2</sup> of ground surrounding the Challenger Gold Mine in South Australia.

Trafford's activities in the area fall under an existing and ongoing access deed already arranged by DGO with the Australian Defence Department and South Australian Government for the Woomera Prohibited Area.

### Lynas Find

The Lynas Find Project is located on the Wallareenya Pastoral lease, approximately 100km south of Port Hedland within the Marble Bar Mineral Field, in the east Pilbara region of Western Australia.

The Lynas Find Project is comprised of twelve granted Prospecting Licenses which are 100% owned by Trafford, and one exploration licence which Trafford are entitled to 80% of the gold rights through an agreement with Cazaly Resources Limited. The tenements form two contiguous blocks, which have been termed the Iron Stirrup and the Mount York blocks.

Further information on the Company's projects can be found in Appendix Three.

### 5.3 Historical Statement of Financial Position

Statement of Financial Position	Reviewed as at 31-Dec-14 \$	Audited as at 30-Jun-14 \$	Audited as at 30-Jun-13 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	198,002	171,680	1,742,429
Trade and other receivables	69,473	89,646	126,034
Financial assets	729,410	1,211,562	1,598,612
<b>TOTAL CURRENT ASSETS</b>	<b>996,885</b>	<b>1,472,888</b>	<b>3,467,075</b>
<b>NON-CURRENT ASSETS</b>			
Plant and equipment	38,069	56,775	118,763
Investments accounted for using the equity method	863,263	1,956,730	2,233,158
Exploration and evaluation expenditure	1,980,744	1,980,744	1,980,744
<b>TOTAL NON-CURRENT ASSETS</b>	<b>2,882,076</b>	<b>3,994,249</b>	<b>4,332,665</b>
<b>TOTAL ASSETS</b>	<b>3,878,961</b>	<b>5,467,137</b>	<b>7,799,740</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	407,007	492,108	758,964
Provisions	181,462	199,824	250,170
<b>TOTAL CURRENT LIABILITIES</b>	<b>588,469</b>	<b>691,932</b>	<b>1,009,134</b>
<b>NON-CURRENT LIABILITIES</b>			
Provisions	49,600	34,353	34,453
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>49,600</b>	<b>34,353</b>	<b>34,453</b>
<b>TOTAL LIABILITIES</b>	<b>638,069</b>	<b>726,285</b>	<b>1,043,587</b>
<b>NET ASSETS</b>	<b>3,240,892</b>	<b>4,740,852</b>	<b>6,756,153</b>
<b>EQUITY</b>			
Issued capital	22,671,990	22,390,272	21,601,114
Reserves	(690,344)	1,614,210	1,978,286
Accumulated losses	(18,740,754)	(19,263,630)	(16,823,247)
<b>TOTAL EQUITY</b>	<b>3,240,892</b>	<b>4,740,852</b>	<b>6,756,153</b>

Source: Audited financial statements for the years ended 30 June 2014 and 30 June 2013 and reviewed financial statements for the half year ended 31 December 2014

#### Commentary of Historical Statement of Financial Position

We note that Trafford's auditor issued an Emphasis of Matter paragraph in the audited financial report for the year ended 30 June 2014 and the reviewed financial report for the half year ended 31 December 2014. The auditor outlined the existence of material uncertainty in relation to the Company's ability to continue as a going concern and whether it can realise its assets and extinguish its liabilities in the normal course of business at the amounts stated in the financial report.

We note the following in relation to Trafford's Historical Statement of Financial Position:

- Cash and cash equivalents decreased from \$1.74 million at 30 June 2013 to \$0.17 million at 30 June 2014. The decrease is primarily attributable to further exploration work conducted at its Wilcherry Hill Project. Cash and cash equivalents increased to \$0.20 million as at 31 December 2014, with the increase a result of the Company raising approximately \$0.30 million through the issue of 4,343,587 shares at \$0.07 per share. This capital raising was offset by additional operating costs and exploration expenditure.
- Financial assets relate to the Company's interest in Orinoco Gold Limited ('Orinoco') which decreased from \$1.60 million as at 30 June 2013 to \$1.21 million as at 30 June 2014 and to \$0.73 million at 31 December 2014. The decrease (from a 16.4% holding to a 10.4% holding) is a result of a dilution of the Company's interest which arose from a capital raising conducted by Orinoco as well as a reduction in share price over the period.
- Exploration and evaluation expenditure relates to the acquisition costs of the Wilcherry Hill project and the Western Gawler Craton joint venture.
- Investments accounted for using the equity method relates to Trafford's interest in IronClad which decreased from \$2.23 million at 30 June 2013 to \$1.96 million at 30 June 2014. The decrease is primarily due to the loss of approximately \$24.06 million incurred by IronClad as a result of the \$20.71 million write off of its mine development costs. The decrease in the value of Trafford's investment was also a result of a decrease in its holding from 27.78% to 26.67% during the period. This decreased further to \$0.86 million at 31 December 2014 as a result of IronClad recording a loss of \$2.34 million for the half year ended 31 December 2014.
- Current provisions of \$0.18 million at 31 December 2014 comprise of employee benefits, provision for rehabilitation and fringe tax payable.
- Non- current provisions of \$0.05 million at 31 December 2014 relates to long service leave.
- Share capital increased from \$21.60 million as at 30 June 2013 to \$22.39 million as at 30 June 2014. The increase in share capital is due to the Company issuing 6,840,870 shares at \$0.12 per share through a rights issue during the period. Share capital increased to \$22.67 million at 31 December 2014 as a result of the Company raising \$0.30 million through the issue of 4,343,587 shares at \$0.07 per share.

## 5.4 Historical Statement of Profit or Loss and Other Comprehensive Income

Statement of Profit or Loss and Other Comprehensive Income	Reviewed for the half year ended 31-Dec-14 \$	Audited for the year ended 30-Jun-14 \$	Audited for the year ended 30-Jun-13 \$
Revenue and other income	12,972	272,812	124,083
Gain on sale of non-current investments	-	114,551	229,815
Impairment reversal/(impairment) of investment in associate	(1,016,734)	6,274,966	(11,754,487)
Impairment of other investments	-	-	(156,883)
Share of net profits/(loss) of associates	(76,733)	(6,551,291)	290,940
Administrative expense	(46,530)	(123,925)	(177,276)
Consultancy expenses	(55,443)	(193,230)	(196,904)
Compliance and regulatory expenses	(49,260)	(57,163)	(53,560)
Depreciation and amortisations expense	(22,226)	(61,988)	(72,617)
Director fees	(26,160)	(88,320)	(100,320)
Share-based payments	(23,544)	(51,636)	(80,484)
Legal fees	(7,483)	(64,597)	(43,742)
Occupancy costs	(125,161)	(229,895)	(252,481)
Public relation costs	(15,775)	(62,361)	(219,609)
Staffing costs	(162,968)	(274,823)	(270,855)
Training costs	(2,853)	(5,248)	(25,910)
Finances costs	(59,341)	(61,185)	(14,626)
Exploration costs written off	(588,545)	(2,650,750)	(3,804,289)
Other expenses from ordinary activities	(9,586)	(40,888)	(81,153)
<b>Profit/(Loss) before income tax</b>	<b>(2,275,370)</b>	<b>(3,854,971)</b>	<b>(16,660,358)</b>
Income tax benefit	952,300	1,414,588	1,710,794
<b>Profit/(Loss) for the year</b>	<b>(1,323,070)</b>	<b>(2,440,383)</b>	<b>(14,949,564)</b>
Net gain/(Loss) on revaluation of financial assets	(482,152)	(415,712)	132,340
<b>Total comprehensive income/(loss) for the year</b>	<b>(1,805,222)</b>	<b>(2,856,095)</b>	<b>(14,817,224)</b>

Source: Audited financial statements for the years ended 30 June 2014 and 30 June 2013 and reviewed financial statements for the half year ended 31 December 2014

### Commentary on Statement of Profit or Loss and Other Comprehensive Income

We note the following in relation to Trafford's Historical Statement of Profit or Loss and Other Comprehensive Income:

- Revenue and other income increased from \$0.12 million for the year ended 30 June 2013 to \$0.27 million for the year ended 30 June 2014. The increase is primarily attributable to the Company receiving \$0.25 million from the disposal of exploration rights to IronClad. Revenue and other income of \$0.01 million for the half year ended 31 December 2014 mainly comprises a Research and Development ('R&D') rebate.

- Impairment reversal/ (impairment) of investment in associate relates to Trafford's investment in IronClad. The Company reversed its impairment of \$11.75 million for the year ended 30 June 2013 to a gain of \$6.27 million for the year ended 30 June 2014 to reflect an improvement in IronClad's share price as at 30 June 2014. Share of net profits/ (loss) of associates fell from \$0.29 million for the year ended 30 June 2013 to a loss of \$6.55 million for the year ended 30 June 2014. The loss relates to the Company's interest in IronClad and is a result of IronClad writing off \$20.71 million in mine development expenditure in light of current uncertainty over iron ore spot prices. This decreased further to \$1.02 million for the half year ended 31 December 2014. The impairment relates to the Company's share of IronClad's loss after income tax for the period.
- Exploration costs written off relate to exploration expenditure across the Wilcherry Hill, Twin Peaks, Western Gawler and Lynas Find projects.

## 5.5 Capital Structure

The share structure of Trafford as at 5 February 2015 is outlined below:

	Number
Total ordinary shares on issue	124,866,565
Top 20 shareholders	46,055,634
Top 20 shareholders - % of shares on issue	36.88%

Source: Share registry information

The range of shares held in Trafford as at 5 February 2015 is as follows:

Range of Shares Held	Number of Ordinary Shareholders	Number of Ordinary Shares	Percentage of Issued Shares (%)
1 - 1,000	242	87,576	0.07%
1,001 - 5,000	577	1,771,710	1.42%
5,001 - 10,000	391	3,137,856	2.51%
10,001 - 100,000	884	29,699,310	23.78%
100,001 - and over	205	90,170,113	72.21%
<b>TOTAL</b>	<b>2,299</b>	<b>124,866,565</b>	<b>100.00%</b>

Source: Share registry information

The ordinary shares held by the most significant shareholders as at 5 February 2015 are detailed below:

Name	Number of Ordinary Shares Held	Percentage of Issued Shares (%)
Admark Investments Pty Ltd	10,500,000	8.41%
DBS Vickers Securities Pte Ltd	5,967,925	4.78%
Imperial Resources Management Pty Ltd	3,957,143	3.17%
Neil McKay Pty Ltd	2,798,571	2.24%
Subtotal	23,223,639	18.60%
Others	101,642,926	81.40%
<b>Total ordinary shares on Issue</b>	<b>124,866,565</b>	<b>100.00%</b>

Source: Share registry information

Trafford has the following options on issue:

Current Options on Issue	Number
Listed options exercisable on or before 20 May 2015 at \$0.20	25,700,963

Source: Appendix 3B dated 24 December 2014

## 6. Profile of IronClad

### 6.1 History

IronClad was incorporated on 19 April 2007 and listed on the ASX on 10 July 2007 for the purpose of developing the Wilcherry Hill Iron Project, located 130km from Whyalla in South Australia and 40km north of Kimba in the northern Eyre Peninsula.

IronClad was formed to develop the Wilcherry Hill crystalline magnetite iron deposit discovered by Trafford.

The current Board members and senior management of IronClad are:

- Mr Ian Finch, Executive Chairman;
- Mr Neil McKay, Non-Executive Director, Chief Financial Officer and Company Secretary;
- Mr Peter Rowe, Non-Executive Director; and
- Mr Bruno Seneque, Non-Executive Director.

### 6.2 Projects

Set out below is a brief description of IronClad's projects.

#### Wilcherry Hill

A description of the Wilcherry Hill project can be found in section 5.2.

IronClad has a joint venture with Trafford relating to the manganese deposits at Wilcherry Hill, which it signed on 9 December 2013. This gave IronClad the right to earn an 80% interest in all manganese over the Wilcherry Hill Project area.

Further information on IronClad's projects can be found in Appendix Three.

### 6.3 Historical Statement of Financial Position

Statement of Financial Position	Reviewed as at 31-Dec-14 \$	Audited as at 30-Jun-14 \$	Audited as at 30-Jun-13 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	427,879	1,926,306	4,967,241
Trade and other receivables	1,901,227	89,405	48,868
Assets classified as held for sale	3,600,000	2,123,143	5,948,680
<b>TOTAL CURRENT ASSETS</b>	<b>5,929,106</b>	<b>4,138,854</b>	<b>10,964,789</b>
<b>NON-CURRENT ASSETS</b>			
Trade and other receivables	315,200	442,943	445,935
Property, plant and equipment	6,164,124	7,363,425	7,500,817
Exploration and evaluation expenditure	250,000	250,000	-
Mine development expenditure	-	-	17,497,956
<b>TOTAL NON-CURRENT ASSETS</b>	<b>6,729,324</b>	<b>8,056,368</b>	<b>25,444,708</b>
<b>TOTAL ASSETS</b>	<b>12,658,430</b>	<b>12,195,222</b>	<b>36,409,497</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	1,247,620	1,189,650	1,331,629
Borrowings	800,000	-	-
Provisions	22,037	126,780	174,617
<b>TOTAL CURRENT LIABILITIES</b>	<b>2,069,657</b>	<b>1,316,430</b>	<b>1,506,246</b>
<b>TOTAL LIABILITIES</b>	<b>2,069,657</b>	<b>1,316,430</b>	<b>1,506,246</b>
<b>NET ASSETS</b>	<b>10,588,773</b>	<b>10,878,792</b>	<b>34,903,251</b>
<b>EQUITY</b>			
Issued capital	69,399,128	69,365,041	69,365,041
Option reserves	-	2,834,224	2,798,524
Accumulated losses	(58,810,355)	(61,320,473)	(37,260,314)
<b>TOTAL EQUITY</b>	<b>10,588,773</b>	<b>10,878,792</b>	<b>34,903,251</b>

Source: Audited financial statements for the years ended 30 June 2014 and 30 June 2013 and reviewed financial statements for the half year ended 31 December 2014

#### Commentary on Historical Statement of Financial Position

We note that IronClad's auditor issued an Emphasis of Matter paragraph in the audited financial report for the year ended 30 June 2014 and the reviewed financial report for the half year ended 31 December 2014. The auditor outlined the existence of material uncertainty in relation to the Company's ability to continue as a going concern.

We note the following in relation the IronClad's Historical Statement of Financial Position:

- Cash and cash equivalents decreased from \$4.97 million as at 30 June 2013 to \$1.92 million as at 30 June 2014. This was mainly a result of IronClad's payment of cash consideration of \$0.25 million to Trafford in relation to the Wilcherry Hill manganese joint venture, further exploration work of \$3.46 million conducted across the Wilcherry Hill project and payments to suppliers and employees of \$2.76 million. These were partially offset by an R&D rebate of \$3.21 million and \$1.20 million from the proceeds of the sale of IronClad's tug boat. Cash and cash equivalents further decreased to \$0.43 million as at 31 December 2014. The decrease is mainly attributable to payments made to suppliers and employees and development expenditure across the Wilcherry Hill project.
- Current trade and other receivables of \$1.90 million as at 31 December 2014 comprise of a R&D rebate and other receivables.
- Assets classified as held for sale decreased from \$5.95 million as at 30 June 2013 to \$2.12 million as at 30 June 2014. The decrease is attributable to a \$2.90 million impairment adjustment for the barge no longer being suitable for IronClad's operation methodology.
- Property, plant and equipment primarily comprise a residential camp, loader and container and a dry magnetic separation plant.
- Exploration and evaluation expenditure of \$0.25 million as at 30 June 2014 relates to IronClad's cash consideration as part of the manganese joint venture with Trafford.
- Mine development expenditure of \$17.50 million as at 30 June 2013 relates to IronClad's development of the Wilcherry Hill iron ore project, in which it has an 80% beneficial interest to its iron ore rights. Mine and development expenditure reduced to nil at 30 June 2014 as a result of IronClad writing off \$20.71 million in capital expenditure in light of uncertainty over iron ore spot prices.
- Current trade and other payables decreased from \$1.33 million as at 30 June 2013 to \$1.19 million as at 30 June 2014. The decrease is attributable to a reduction in the balance on accounts payables and accruals held.
- Borrowings of \$0.80 million at 31 December 2014 relates to a loan from Innovative Technology.
- Provisions comprise employee entitlements, taxes and rehabilitation. This totalled \$0.17 million as at 30 June 2013 and decreased to \$0.13 million as at 30 June 2014. The decrease is primarily attributable to a reduction in provisions for annual leave payable.
- Option reserves increased from \$2.80 million as at 30 June 2013 to \$2.83 million as at 30 June 2014. The increase was a result of IronClad's issue of 300,000 share rights to employees at \$0.140 per right. Option reserves subsequently decreased to nil at 31 December 2014 as a result of a transfer to accumulated losses for options and performance rights that have expired.
- Share capital increased from \$69.37 million as at 30 June 2014 to \$69.39 million as at 31 December 2014. The increase is a result of the exercise of 300,000 share rights issued to employees.



## 6.4 Historical Statement of Profit or Loss and Other Comprehensive Income

Statement of Profit or Loss and Other Comprehensive Income	Reviewed for the half year ended 31-Dec-14 \$	Audited for the year ended 30-Jun-14 \$	Audited for the year ended 30-Jun-13 \$
<b>Revenue</b>			
Revenue and other income	15,324	95,061	363,495
Administrative expense	(14,440)	(57,942)	(114,373)
Consultancy expenses	(92,851)	(338,927)	(415,947)
Compliance and regulatory expenses	(26,732)	(39,995)	(49,205)
Depreciation and amortisation	(9,013)	(17,767)	(18,568)
Director fees	(45,205)	(100,696)	(96,101)
Share-based payments	-	(35,700)	-
Legal fees	(3,281)	(5,613)	(37,970)
Finances costs	(61,785)	(16,276)	(173,127)
Occupancy costs	(33,616)	(180,958)	(185,479)
Public relation costs	(150)	(26,955)	(85,999)
Staffing costs	(793,163)	(1,828,396)	(1,057,750)
Asset impairment	-	(2,901,180)	(1,072,798)
Asset impairment reversal	239,246	-	-
Development costs	(1,069,787)	(20,705,048)	-
Exploration costs	(175,926)	(969,381)	(916,638)
Other expenses from ordinary activities	(29,996)	(142,792)	(216,224)
<b>Profit/(Loss) before income tax</b>	<b>(2,101,375)</b>	<b>(27,272,565)</b>	<b>(4,076,684)</b>
Income tax benefit	1,812,969	3,212,406	5,123,993
<b>Profit/(Loss) for the year</b>	<b>(288,406)</b>	<b>(24,060,159)</b>	<b>1,047,309</b>
Other comprehensive income	-	-	-
<b>Total comprehensive income/(loss) for the year</b>	<b>(288,406)</b>	<b>(24,060,159)</b>	<b>1,047,309</b>

Source: Audited financial statements for the years ended 30 June 2014 and 30 June 2013 and reviewed financial statements for the half year ended 31 December 2014.

### Commentary on Profit or Loss and Other Comprehensive Income

We note the following in relation to IronClad's Historical Statement of Profit or Loss and Other Comprehensive Income:

- Revenue and other income mainly relates to interest income.
- Consultancy costs for the half year ended 31 December 2014 of \$0.09 million relates consultant fees incurred in relation to the proposed merger with Trafford.
- Asset impairment of \$1.07 million for the year ended 30 June 2013 relates to the impairment of a tug boat.
- Asset impairment of \$2.90 million for the year ended 30 June 2014 relates to the impairment of a barge, as a result of the barge no longer being suitable for IronClad's operations.

- Asset impairment reversal of \$0.02 million for the half year ended 31 December 2014 relates to the independent valuation of the dry magnetic separators, bulk container system, mining camp and a barge.
- Development costs of \$20.71 million for the year ended 30 June 2014 relate to the expenditure on the Wilcherry Hill iron project which were written off during the period. The development costs of \$1.07 million for the half year ended 31 December 2014 relate to the Wilcherry Hill manganese joint venture.

## 6.5 Capital Structure

The share structure of IronClad as at 5 February 2015 is outlined below:

	Number
Total ordinary shares on issue	108,203,871
Top 20 shareholders	66,760,692
Top 20 shareholders - % of shares on issue	61.70%

Source: Share registry information

The range of shares held in IronClad as at 5 February 2015 is as follows:

Range of Shares Held	Number of Ordinary Shareholders	Number of Ordinary Shares	Percentage of Issued Shares (%)
1 - 1,000	258	110,838	0.10%
1,001 - 5,000	429	1,234,252	1.14%
5,001 - 10,000	277	2,171,236	2.01%
10,001 - 100,000	550	17,856,919	16.50%
100,001 - and over	113	86,830,626	80.25%
<b>TOTAL</b>	<b>1,627</b>	<b>108,203,871</b>	<b>100.00%</b>

Source: Share registry information

The ordinary shares held by the most significant shareholders as at 5 February 2015 are detailed below:

Name	Number of Ordinary Shares Held	Percentage of Issued Shares (%)
Trafford Resources Ltd	28,775,445	26.59%
New Pages Investments Ltd	7,500,000	6.93%
Admark Investments Ltd	4,700,000	4.34%
Hanlong Metals Ltd	3,780,000	3.49%
Subtotal	44,755,445	41.36%
Others	63,448,426	58.64%
<b>Total ordinary shares on Issue</b>	<b>108,203,871</b>	<b>100.00%</b>

Source: Share registry information

## 7. Economic analysis

Growth in the global economy continued at a moderate pace in 2014. A similar performance is expected by most observers in 2015, with the US economy continuing to strengthen, even as China's growth slows a little from last year's outcome.

Commodity prices have declined over the past year, in some cases sharply. The price of oil in particular has fallen significantly. These trends appear to reflect a combination of lower growth in demand and, more importantly, significant increases in supply. The much lower levels of energy prices will act to strengthen global output and temporarily to lower CPI inflation rates.

Financial conditions are very accommodative globally, with long-term borrowing rates for several major sovereigns at all-time lows over recent months. Some risk spreads have widened a little but overall financing costs for creditworthy borrowers remain remarkably low.

In Australia the available information suggests that growth is continuing at a below-trend pace, with domestic demand growth overall quite weak. As a result, the unemployment rate has gradually moved higher over the past year. The economy is likely to be operating with a degree of spare capacity for some time yet. With growth in labour costs subdued, it appears likely that inflation will remain consistent with the target over the next one to two years, even with a lower exchange rate.

Credit is recording moderate growth overall, with stronger growth in lending to investors in housing assets. Dwelling prices continue to rise strongly in Sydney, though trends have been more varied in a number of other cities over recent months. The Reserve Bank of Australia ('RBA') is working with other regulators to assess and contain risks that may arise from the housing market. In other asset markets, prices for equities and commercial property have risen, in part as a result of declining long-term interest rates.

The Australian dollar has declined noticeably against a rising US dollar, though less so against a basket of currencies. It remains above most estimates of its fundamental value, particularly given the significant declines in key commodity prices. A lower exchange rate is likely to be needed to achieve balanced growth in the economy.

The RBA consider further easing of monetary policy may be appropriate over the period ahead, in order to foster sustainable growth in demand and inflation consistent with the target.

Source: [www.rba.gov.au](http://www.rba.gov.au) *Statement by Glenn Stevens, Governor: Monetary Policy Decision 3 March 2015*

## 8. Industry analysis

### 8.1 Overview

Iron ores are rocks from which metallic iron can be economically extracted. The principal iron ores are hematite ( $\text{Fe}_2\text{O}_3$ ) and magnetite ( $\text{Fe}_3\text{O}_4$ ).

Hematite is a pure iron oxide mineral, with pure hematite mineral containing 69.9 % iron. Hematite ores dominate the world production of iron ores with approximately 96% of Australia’s iron ore exports being high grade hematite. High grade hematite ore involves a relatively simple crushing and screening process before being exported. Australia’s hematite averages from 56% to 62% iron.

Magnetite is an iron oxide mineral containing 72.4% iron. While the iron ore content is higher than hematite, the presences of impurities results in a lower ore grade, making it more costly to produce the concentrates.

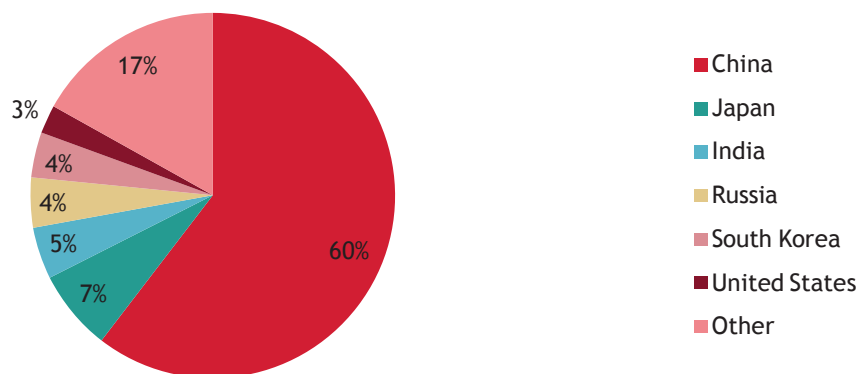
Iron is the world’s most used metal with approximately 98% of world iron ore production being used to make steel. It is primarily used in structural engineering, automobiles and other general industrial applications. Commercial development of iron ore deposits are largely constrained by the position of the iron ore relative to its market and the cost of establishing proper transportation infrastructure such as ports and railways.

There are three main categories of iron ore exports:

- **Fines:** fines are the smallest size category and typically have a granular size less than 9.50mm. They are the most heavily traded category of iron ore;
- **Lump Ore:** lump ore consists of golf ball sized pieces, and generally has a higher iron content than fines; and
- **Pellets:** particle sizes range from 9.50mm to 16.00mm. Pellets are made by agglomeration of finely ground and concentrated ore.

In 2014 global iron ore demand totalled 1,870,162 million tonnes, with China being the major source of industry demand. The chart below shows the split of global iron ore demand in 2014:

Global Iron Ore Demand - 2014



Source: Bloomberg

## 8.2 Global Market

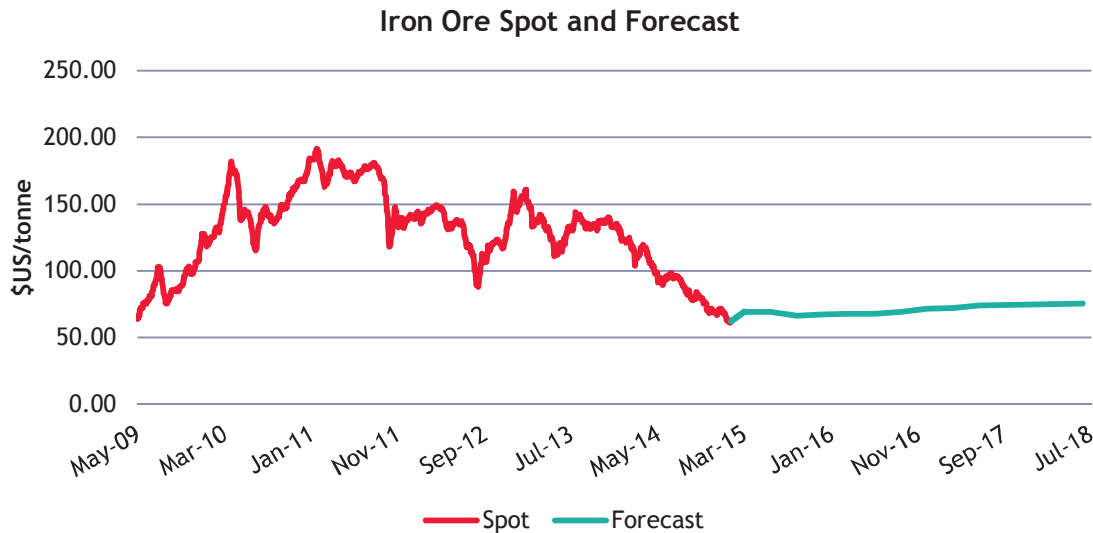
Recent trends show a majority of the demand for iron ore being sourced from China, which has led some analysts to believe that Chinese steel demand has peaked after reaching and exceeding levels experienced by some of the largest OECD countries. There is however, still considerable scope for an expansion in steel consumption in China’s interior and more distant provinces albeit at a slower rate compared to the larger Chinese cities such as Beijing and Tianjin. The central government is focusing its attention on developing these outer parts of China, and with the expansion of business to these areas to take advantage of low cost labour, it is inevitable that Chinese demand for iron ore will continue to expand. Other countries such as Brazil, India and Indonesia are likely to follow on China’s development path, albeit on a smaller scale.

The industry will maintain overall growth as prices decline. Strong economic growth in large nations, such as China and India, has increased steel production, fuelling demand for iron ore. Production volumes are forecast to increase at a modest rate, with price stabilising or declining in order to boost demand. Performance will be heavily influenced by trends in steel demand, levels of productions, global iron ore prices, price negotiations with Chinese steel producers, and the value of the Australian dollar.

Existing producers are expected to increase their market shares over the period by either starting new mines or expanding production at existing ones. The increase in high quality, low cost iron ore in the market will be partially offset by the closure of higher cost international producers as well as lower production in China.

## 8.3 Price Trends

Historical iron ore prices and forecasts to 2018 are illustrated in the chart below.



Source: Bloomberg, BDO Analysis and Consensus Economics

## Historical prices

The sharp increase in iron ore price movements from May 2009 was marked by a surge in Chinese, Japanese and Korean steel mill demand. During that period, annual iron ore price contracts increased by 65% compared to the previous year. Iron ore prices subsequently fell during the global financial crisis with a reduction in world market sentiment and hence demand for iron ore. April 2010 saw an increase in price as miners moved to quarterly pricing and global economies began to recover.

Additionally, iron ore experienced a sharp rise in price in mid-2010 when Indian state Karnataka banned all iron ore exports. The iron ore price increased in mid-2011 on the back of anticipated ore shortages which prompted restocking by the world's larger steel mills. The above observed decline in the iron ore price in late 2011 can be attributed to the slowdown in Chinese demand. Chinese imports decreased at the end 2011 which is reflective of falling steel prices over the same period.

Iron ore prices fluctuated between US\$110.4 and US\$158.9 in May 2013 and February 2013 respectively. After the decrease in prices in May, iron ore prices recovered in July 2013. The increase in the price of iron ore was driven by heavy steel re-stocking in China following improvements in the Chinese property sector and miscalculations from Chinese steel makers. Steel makers often run down their stockpiles in the hope that the price of steel will fall and they can buy at a cheaper rate, however when the price did not fall the steel makers were caught out and had to purchase significant amounts of steel. This increased demand caused the price to rise during July 2013. Adding to this increase in demand was a decrease in supply as bad weather in Brazil slowed production.

In October 2013 through to December 2013, global iron ore prices stabilised with a monthly average range of US\$133 to US\$137. Weaker iron ore prices compared to those recorded in July 2013 and August 2013 was driven by a slowdown in steel production and consumption in China. According to the World Steel Organisation, pig iron production in China fell by 6 million tonnes in November 2013 to 53 million tonnes, representing the lowest level since November 2012.

A rapid increase in iron ore supply combined with moderating growth in China's steel production have pushed iron ore prices lower in 2014. Prices have fallen by nearly 50 per cent, down from around US\$130 a tonne in January 2014 to US\$69 per tonne in December 2014. Iron ore price volatility is not uncommon; large in-year price swings have occurred since the move to spot pricing 5 years ago in response to seasonal shifts in steel and iron ore production in China. While prices have decreased in 2014, similar cyclical downturns happened in both 2012 and 2013 and produced price ranges of US\$62 and US\$59, respectively.

The slowdown in steel consumption in China was influenced by a number of drivers including a fall in GDP growth, tightening of credit policy which resulted in increased borrowing costs for iron ore buyers and a drop in China's Purchasing Managers' Index. Inventories at ports in China were at record levels, increasing from 84 million tonnes to a two year high of 106 million tonnes.

In 2012, iron ore prices reached a low of US\$87 a tonne in September before rebounding to over US\$140 a tonne by the end of the year. The key difference with this latest cyclical price downturn is the availability of supply. Since 2012 there has been a substantial increase in iron ore mine capacity around the world. In Australia alone over 200 million tonnes of new capacity has started production in the past twelve months. The increased availability of supply has altered the market dynamic and as the risk of having to pay higher prices that comes with tighter supply conditions has not abated and Chinese buyers do not appear to be stocking up on iron ore as they previously did. In addition, price competition has increased between suppliers who have been forced to offer lower prices to make sales and offer higher discounts on lower grade ores.

The change in the iron ore market balance has been exacerbated by a slowing in China's steel production growth. While steel production has increased in 2014, it has been below previous levels and failed to absorb the surge in supply. Credit market conditions in China have affected end-user demand for steel and led to lower steel sales growth and higher inventory levels. The drag of lower steel intensive fixed asset investment growth ultimately feeds through to iron ore demand and pricing, as it has in previous pricing cycles.

Iron ore prices are expected to rebound from the current low levels, but remain well below the high prices seen in previous years due to the supply overhang that is prevailing. As in previous price cycles, a number of higher cost producers, both in China and around the world, will be forced out of the market over time to reduce the oversupply.

### Forecast prices

The iron ore price is forecast to rebound from current low levels, but the average price in Australia for 2015 is forecast to average US\$68 and not return to the levels seen in early 2014.

Over the next five years, iron ore prices are projected to average around \$74 per tonne. Further increases in supply indicate increasing price competition will be needed to push more high cost supply out of the market over the next two years. Decisions to close mines are unlikely to be made easily given the cost associated with placing operations on care and maintenance. Iron ore suppliers are therefore likely to persist as long as possible but eventually prices that are substantially lower than high cost supplies from both exporters and domestic producers in China will result in reduced supply. The iron ore pricing cycle is expected to continue in the medium term. Its peaks and troughs will be lower as prices trend down in response to growing supply availability and iron ore prices are projected to average US\$77 a tonne in 2019 (in 2014 dollars).

Source: IBIS World, Department of Industry, Resources and Energy Quarterly Reports

## 9. Valuation approach adopted (Share Scheme)

There are a number of methodologies which can be used to value a business or the shares in a company. The principal methodologies which can be used are as follows:

- Capitalisation of future maintainable earnings ('FME')
- Discounted cash flow ('DCF')
- Quoted market price basis ('QMP')
- Net asset value ('NAV')
- Market based assessment

A summary of each of these methodologies is outlined in Appendix Two.

Different methodologies are appropriate in valuing particular companies, based on the individual circumstances of that company and available information.

### 9.1 Valuation of Trafford

In our assessment of the value of Trafford shares prior to the implementation of the Schemes, we have chosen to employ the following methodologies:

- NAV approach as our primary method; and

- QMP approach as our secondary method.

We have chosen these methodologies for the following reasons:

- As Trafford is an exploration company, its core value is in the cash and exploration assets that it holds.
- Trafford is listed on the ASX and this provides an indication of the market value where an observable market for the securities exists;
- Trafford does not generate regular trading income. Therefore there are no historic profits that could be used to represent future earnings. This means that the FME valuation is not appropriate; and
- Trafford is still in the early stage of exploration and is not expected to be in production in the foreseeable future. Therefore the application of the DCF method is not appropriate.

In valuing Trafford's exploration assets, we have relied on the independent specialist valuation performed by Ravensgate Mining Industry Consultants ('Ravensgate') in accordance with the Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports 2005 ('the Valmin Code') and the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Resources ('JORC Code'). Ravensgate's full report can be found in Appendix Three.

## 9.2 Valuation of the Proposed Merged Entity

In our assessment of the value of the Proposed Merged Entity, we have chosen to employ the following methodology:

- Sum-of-parts method, as our primary method, which estimates the market value of a company by separately valuing each asset and liability of the company. The value of each asset may be determined using different methods. The component parts of the Proposed Merged Entity are valued using NAV as our primary methodology;

### Sum-of-parts

We have employed the sum-of-the-parts method in estimating the fair market value of the Proposed Merged Entity by aggregating the estimated fair market values of its underlying assets and liabilities, having consideration to the following:

- The enterprise value of Trafford, using the methodologies outlined in section 9.1;
- The mineral assets of IronClad as valued by Ravensgate;
- The value of IronClad's property, plant and equipment as provided by Henley Valuers ('Henley');
- The value of other assets and liabilities of IronClad (applying the cost approach under the NAV method); and
- The resulting number of shares on issue following the implementation of the Schemes.

In valuing IronClad's exploration assets, we have relied on the independent specialist valuation performed by Ravensgate in accordance with the Valmin Code and the JORC Code.

In valuing IronClad's property, plant and equipment we have relied on the independent specialist valuation performed by Henley. Henley's full report can be found in Appendix Four.



## **10. Valuation approach adopted (Option Scheme)**

### **10.1 Valuation of Trafford options prior to the Schemes**

In our assessment of the value of Trafford options prior to the Scheme we have used the following methodologies:

- QMP method; and
- Black Scholes option pricing model;

We have chosen these methodologies for the following reasons:

- Trafford options are listed on the ASX and this provides an indication of the market value where an observable market for the securities exists; and
- The Black Scholes option pricing model is used to validate the market prices in the absence of a deep market.

### **10.2 Valuation of the Proposed Merged Entity options**

In our assessment of the value of the Proposed Merged Entity options we have used the Black Scholes option pricing model. We are unable to use the QMP method as the Proposed Merged Entity options will only list on ASX in the event the Scheme is approved, therefore currently there is no observable market on which the options are traded.

## 11. Valuation of Trafford prior to the Schemes

### 11.1 Net Asset Valuation of Trafford

The value of Trafford's assets on a going concern basis is reflected in our valuation below:

NAV prior to the Schemes	Note	Reviewed as at			
		31-Dec-14 \$	Low \$	Preferred \$	High \$
<b>CURRENT ASSETS</b>					
Cash and cash equivalents		198,002	198,002	198,002	198,002
Trade and other receivables		69,473	69,473	69,473	69,473
Financial assets	a	729,410	630,507	655,232	679,958
<b>TOTAL CURRENT ASSETS</b>		<b>996,885</b>	<b>897,982</b>	<b>922,707</b>	<b>947,433</b>
<b>NON-CURRENT ASSETS</b>					
Plant and equipment		38,069	38,069	38,069	38,069
Investments (using the equity method)	b	863,263	374,081	474,795	575,509
Exploration and evaluation expenditure	c	1,980,744	6,760,000	9,700,000	12,320,000
<b>TOTAL NON-CURRENT ASSETS</b>		<b>2,882,076</b>	<b>7,172,150</b>	<b>10,212,864</b>	<b>12,933,578</b>
<b>TOTAL ASSETS</b>		<b>3,878,961</b>	<b>8,070,132</b>	<b>11,135,571</b>	<b>13,881,011</b>
<b>CURRENT LIABILITIES</b>					
Trade and other payables		407,007	407,007	407,007	407,007
Provisions		181,462	181,462	181,462	181,462
<b>TOTAL CURRENT LIABILITIES</b>		<b>588,469</b>	<b>588,469</b>	<b>588,469</b>	<b>588,469</b>
<b>NON-CURRENT LIABILITIES</b>					
Provisions		49,600	49,600	49,600	49,600
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>49,600</b>	<b>49,600</b>	<b>49,600</b>	<b>49,600</b>
<b>TOTAL LIABILITIES</b>		<b>638,069</b>	<b>638,069</b>	<b>638,069</b>	<b>638,069</b>
<b>NET ASSETS</b>		<b>3,240,892</b>	<b>7,432,063</b>	<b>10,497,502</b>	<b>13,242,942</b>
Number of shares on issue	d		124,866,565	124,866,565	124,866,565
<b>Value per share (\$)</b>			<b>0.060</b>	<b>0.084</b>	<b>0.106</b>

Source: BDO analysis

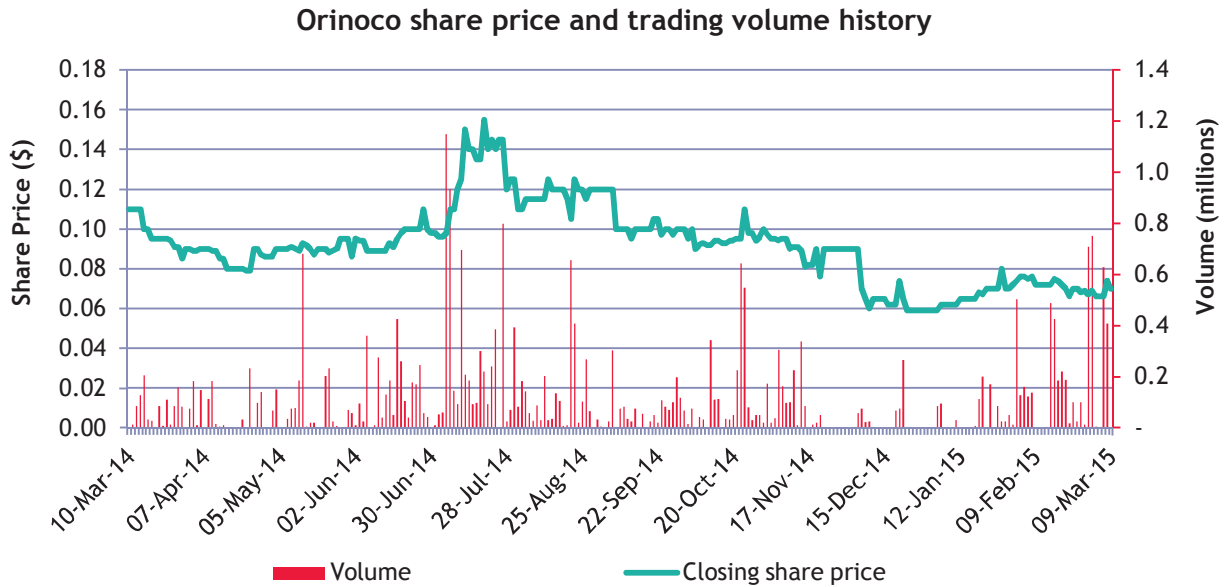
We have been advised that there has not been a significant change in the net assets of Trafford since 31 December 2014. The table above indicates the net asset value of a Trafford share is between \$0.060 and \$0.106 with a preferred value of \$0.084.

We note the following in relation to the NAV of Trafford:

**Note a) Financial assets**

The Company holds 12,362,876 shares in Orinoco. We have valued the investment in Orinoco as at 9 March 2015 using the QMP method. Our QMP analysis of an Orinoco share is set out below.

The following chart provides a summary of the share price movement over the 12 months to 9 March 2015.



Source: Bloomberg

The daily price of Orinoco shares from 9 March 2014 to 9 March 2015 has ranged from a low of \$0.059 on 2 January 2015 to a high of \$0.155 on 18 July 2014. From April 2014 to August 2014, Orinoco’s share price displayed an upward trend, peaking during July 2014. It has since trended downwards and has traded between \$0.06 and \$0.10 since October 2014. The highest single day of trading was on 7 July 2014 where a total of 1,149,918 shares were traded.

During this period a number of announcements were made to the market. The key announcements are set out below:

Date	Announcement	Closing Share Price Following Announcement			Closing Share Price Three Days After Announcement		
		\$ (movement)			\$ (movement)		
17/02/2015	TRF: Orinoco Secures Production Funding	0.074	▼	1.3%	0.066	▼	10.8%
16/02/2015	Orinoco Finalises Funding Package for Production Start Up	0.075	▲	4.2%	0.070	▼	6.7%
28/11/2014	Orinoco Raises \$1.1M to Advance Cascavel Project	0.090	►	0.0%	0.090	►	0.0%
12/11/2014	CDG: Toll Mining and Processing Agreement Termination	0.091	►	0.0%	0.082	▼	9.9%
12/11/2014	Low Cost Development & Exploration Upside Highlight Cascavel	0.091	►	0.0%	0.082	▼	9.9%
23/10/2014	More Bonanza Results from Cascavel Exploration Decline	0.110	▲	15.8%	0.094	▼	14.5%
07/10/2014	Orinoco Expands Cascavel Gold Project	0.092	▲	2.2%	0.092	►	0.0%
30/09/2014	New Drilling and Discoveries Highlight Scale of Tinteiro	0.100	►	0.0%	0.100	►	0.0%
21/08/2014	Further High Grade Results from Exploration Decline	0.125	▲	19.0%	0.115	▼	8.0%
28/07/2014	Orinoco and Cleveland to Fast Track Production at Cascavel	0.120	▼	17.2%	0.110	▼	8.3%
28/07/2014	CDG: Mining agreement signed to increase production and cash	0.120	▼	17.2%	0.110	▼	8.3%
07/07/2014	Bonanza Grade Results from Exploration Decline	0.110	▲	12.2%	0.125	▲	13.6%
18/06/2014	Drilling Commences at High Grade Silver-Copper IOCG Targets	0.098	▲	3.2%	0.100	▲	2.0%
12/06/2014	Visible Gold Encountered in Cascavel Exploration Decline	0.089	►	0%	0.095	▲	7%
30/05/2014	Orinoco to Drill Test Significant New Tinteiro IOCG Targets	0.086	▼	9%	0.094	▲	9%
14/05/2014	Faina Goldfields Project Presentation	0.092	▼	1%	0.090	▼	2%
14/05/2014	Outstanding Gold Grade from Latest Cascavel Bulk Sample	0.092	▼	1%	0.090	▼	2%
30/04/2014	Exploration Decline Commences at Cascavel	0.086	►	0%	0.090	▲	5%
17/03/2014	Historical Drill Results Point to Gold Extensions at Sertao	0.100	►	0%	0.095	▼	5%
14/03/2014	Orinoco to Commence Exploration Decline After \$2.1M Raising	0.100	▼	9%	0.095	▼	5%
25/02/2014	Orinoco Expands Tinteiro IOCG Project with New Discoveries	0.105	►	0%	0.115	▲	10%
18/02/2014	TRY: Troy to Sell its 70% Interest in the Sertao Gold Mine	0.120	▲	14%	0.105	▼	13%
18/02/2014	Orinoco acquires former Sertao gold mine from Troy Resources	0.120	▲	14%	0.105	▼	13%
07/02/2014	Non-Renounceable Entitlement Issue Offer Document	0.125	▲	32%	0.100	▼	20%
06/02/2014	Orinoco to raise up to \$4 Million to accelerate exploration	0.095	▼	21%	0.100	▲	5%
20/01/2014	Successful Bulk Sampling Highlights High Grade Opportunity	0.140	►	0%	0.125	▼	11%
31/12/2013	Withdrawal from 14 Mile Well Joint Venture	0.130	▲	4%	0.140	▲	8%

On 6 February 2014, Orinoco announced a capital raising of up to \$4 million with funds raised from the capital raising used to advance the Cascavel Project towards a maiden JORC resource, the commencement of a Scoping Study and making the final retention payment on the Cascavel and Tinteiro Project. On the day of the announcement, the share price fell by 21% to \$0.095, however in the following three days increased by 5% to \$0.100.

On 7 February 2014, Orinoco released its Entitlement Issue Offer Document for its 1 for 3 non-renounceable entitlement issue to raise up to \$2,865,833 before costs at \$0.010 per share. On the day of the announcement, the Orinoco's share price increased by 32% to \$0.125 however fell by 20% to \$0.100 in the three days subsequent.

On 18 February 2014, Orinoco announced that it had reached an agreement with Troy Resources Limited and their Brazilian partner to acquire the mining leases encompassing the former Sertao gold mine in Brazil. On the day of the announcement, Orinoco share price increased by 14% to \$0.120 however fell by 13% to \$0.105 in the following three days.

On 14 March 2014, Orinoco announced the commencement of the development of an exploration decline into the mineralised zone at Cascavel following the successful \$2.1 million capital raising. On the day of the announcement, Orinoco's share price fell by 9% to \$0.100 and continued to fall by a further 5% to \$0.095 in the three days subsequent. Given the positive nature of the announcement, we consider this an unexplained share price movement.

On 28 July 2014, Orinoco announced that it had secured a strategic alliance with experienced Brazilian miner, Cleveland Mining Company to fast track the development of Orinoco's high-grade Cascavel Gold project. On the day of the announcement, Orinoco's share price fell by 17.2% to \$0.120 and continued to fall by a further 8.3% to \$0.110 in the following three days.

On 21 August 2014, Orinoco released a results update of its exploration program at its Cascavel project. On the day of the announcement, Orinoco's share price increased by 19.0% to \$0.125 however fell by 8.0% to \$0.115 in the following three days.

To provide further analysis of the market prices for an Orinoco share, we have also considered the weighted average market price for 10, 30, 60 and 90 day periods to 9 March 2015.

Share Price per unit	9-Mar-15	10 Days	30 Days	60 Days	90 Days
Closing price	\$0.070				
Volume weighted average price (VWAP)		\$0.068	\$0.071	\$0.070	\$0.074

Source: Bloomberg, BDO analysis

An analysis of the volume of trading in Orinoco shares for the twelve months to 9 March 2015 is set out below:

Trading days	Share price low	Share price high	Cumulative volume traded	As a % of Issued capital
1 Day	\$0.070	\$0.072	408,100	0.27%
10 Days	\$0.066	\$0.074	2,740,926	1.79%
30 Days	\$0.066	\$0.080	5,517,318	3.61%
60 Days	\$0.059	\$0.080	6,629,365	4.33%
90 Days	\$0.059	\$0.095	8,278,434	5.41%
180 Days	\$0.059	\$0.155	21,424,182	14.00%
1 Year	\$0.059	\$0.155	28,574,920	18.68%

Source: Bloomberg, BDO analysis

This table indicates that Orinoco's shares display a low level of liquidity, with 18.68% of the Orinoco's current issued capital being traded in a twelve month period. For the quoted market price methodology to be reliable there needs to be a 'deep' market in the shares. RG 111.69 indicates that a 'deep' market should reflect a liquid and active market. We consider the following characteristics to be representative of a deep market:

- Regular trading in a company's securities;
- Approximately 1% of a company's securities are traded on a weekly basis;
- The spread of a company's shares must not be so great that a single minority trade can significantly affect the market capitalisation of a company; and
- There are no significant but unexplained movements in share price.

A company's shares should meet all of the above criteria to be considered 'deep', however, failure of a company's securities to exhibit all of the above characteristics does not necessarily mean that the value of its shares cannot be considered relevant.

In the case of Orinoco, we do not consider there to be a deep market for Orinoco shares due to the low level of the current issued capital being traded over the past twelve months and significant but unexplained movements in the share price over the trading period.

Our assessment is that a range of values for Orinoco shares based on market pricing is between \$0.068 and \$0.074.

We have also considered the number of shares held, the liquidity of the stock and therefore the difficulty Trafford may have if it elected to sell its holding. Based on historical trading volumes as at 9 March 2015, it would take approximately 131 days to trade the Company's holding in Orinoco. Based on the size of the Company's holding and the lack of liquidity of trading in Orinoco's shares, we consider it appropriate to apply a discount to the value per share derived from the QMP method. Based on the International Private Equity and Venture Capital Guidelines we consider a discount of 25% to be reasonable.

Our valuation of Trafford's holding in Orinoco is detailed below.

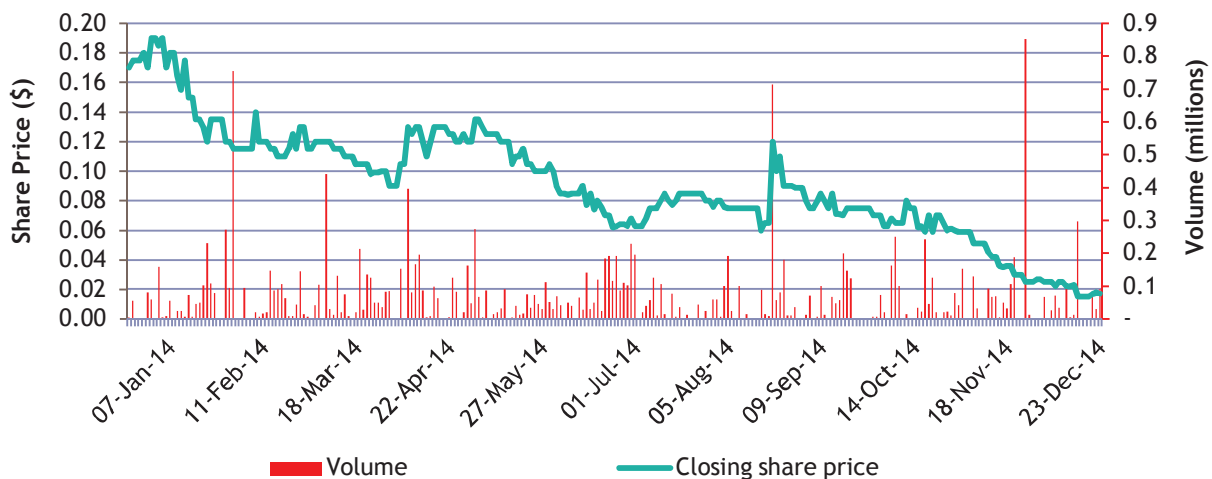
Financial assets	Low \$	Preferred \$	High \$
Value of an Orinoco share	0.068	0.071	0.074
Discount for lack of liquidity	25%	25%	25%
Realisable value of an Orinoco share	0.051	0.053	0.055
Number of shares held	12,362,876	12,362,876	12,362,876
<b>Realisable value of Trafford's holding in Orinoco</b>	<b>630,507</b>	<b>655,232</b>	<b>679,958</b>

### Note b) Investments accounted for using the equity method

The Company holds 28,775,445 shares in IronClad. We have valued these shares using the QMP methodology as at 23 December 2014, being the last trading day prior to the announcement of the Schemes. Our analysis of the quoted market price of an IronClad share is based on the pricing prior to the announcement of the Schemes because the value of an IronClad share after the announcement may include the effects of any change in value as a result of the Schemes.

Information on the Scheme was announced to the market on 24 December 2014. Therefore, the following chart provides a summary of the share price movement over the 12 months to 23 December 2014, which was the last trading day prior to the announcement.

IronClad share price and trading volume history



Source: Bloomberg

The daily price of IronClad shares from 23 December 2013 to 23 December 2014 has ranged from a low of \$0.015 on 18 December 2014 to a high of \$0.190 on 3 January 2014. Since September 2014, the share price of IronClad has trended downwards and has traded between \$0.015 and \$0.089. The highest single day of trading was on 25 November 2014 where a total of 853,374 shares were traded.

To provide further analysis of the market prices for an IronClad share, we have also considered the weighted average market price for 10, 30, 60 and 90 day periods to 23 December 2014.

Share Price per unit	23-Dec-14	10 Days	30 Days	60 Days	90 Days
Closing price	\$0.017				
Volume weighted average price (VWAP)		\$0.019	\$0.026	\$0.041	\$0.059

Source: Bloomberg, BDO analysis

An analysis of the volume of trading in IronClad shares for the twelve months to 23 December 2014 is set out below:

Trading days	Share price low	Share price high	Cumulative volume traded	As a % of Issued capital
1 Day	\$0.017	\$0.019	90,951	0.08%
10 Days	\$0.015	\$0.023	611,326	0.56%
30 Days	\$0.015	\$0.044	2,199,262	2.03%
60 Days	\$0.015	\$0.080	3,897,751	3.60%
90 Days	\$0.015	\$0.125	5,859,829	5.42%
180 Days	\$0.015	\$0.140	10,902,204	10.08%
1 Year	\$0.015	\$0.190	16,886,001	15.61%

Source: Bloomberg, BDO analysis

This table indicates that IronClad's shares display a low level of liquidity, with 15.61% of the Company's current issued capital being traded in a twelve month period. Trafford holds 28,775,445 shares in IronClad, therefore based on historical trading volumes it is estimated that it would take more than one year to sell its holding on market. Therefore, in assessing the realisable market value of Trafford's holding in IronClad we consider it appropriate to apply a liquidity discount to Trafford's holding. Based on the International Private Equity and Venture Capital Guidelines we consider a discount of 25% to be reasonable to apply to Trafford's holding in IronClad.

Our valuation of Trafford's holding in IronClad is set out below.

Investments accounted for using the equity method	Low \$	Midpoint \$	High \$
Value of an IronClad share	0.017	0.022	0.026
Discount for lack of liquidity	25%	25%	25%
Realisable value of a Trafford share	0.013	0.0165	0.020
Number of shares held	28,775,445	28,775,445	28,775,445
<b>Realisable value of Trafford's holding in IronClad</b>	<b>374,081</b>	<b>474,795</b>	<b>575,509</b>

### Note c) Exploration and evaluation expenditure

We instructed Ravensgate to provide an independent market valuation of the exploration assets held by Trafford. Ravensgate considered a number of different valuation methods when valuing the exploration assets of Trafford. Ravensgate applied the comparable transaction method. The comparable transaction method involves calculating a value per common attribute in a comparable transaction and applying that



value to the subject asset. A common attribute could be the amount of resource or the size of a tenement. We consider this method to be appropriate given the pre feasibility stage of development for Trafford's exploration assets. Ravensgate have considered the Multiple of Exploration Expenditure ('MEE') method and other cost based methods however they consider these methods not to be appropriate as they do not provide a good indication of market value given the considerable expenditure undertaken on these projects.

The range of values for each of Trafford's exploration assets as calculated by Ravensgate is set out below:

Exploration assets of Trafford	Low Value \$m	Preferred Value \$m	High Value \$m
Wilcherry Hill Mineral Resources	1.27	1.72	2.18
Wilcherry Hill Exploration Tenure	2.00	3.16	4.06
Western Gawler Craton Mineral Resource	0.41	0.54	0.66
Western Gawler Craton Exploration Tenure	2.35	3.25	4.10
Twin Hills	0.19	0.26	0.34
Lynas Find	0.54	0.76	0.98
<b>Total</b>	<b>6.76</b>	<b>9.70</b>	<b>12.32</b>

Source: Ravensgate Independent Valuation Report

The above valuation figures are exactly as presented by Ravensgate and minor rounding errors may occur.

The table above indicates a range of values between \$6.76 million and \$12.32 million, with a preferred value of \$9.70 million.

#### Note d) Number of shares on issue

Prior to the implementation of the Schemes, Trafford have 124,866, 565 shares on issue.

### 11.2 Quoted Market Prices for Trafford Securities

To provide a comparison to the valuation of Trafford in Section 11.1, we have also assessed the quoted market price for a Trafford share.

The quoted market value of a company's shares is reflective of a minority interest. A minority interest is an interest in a company that is not significant enough for the holder to have an individual influence in the operations and value of that company.

RG 111.11 suggests that the expert should calculate the value of a company's shares as if 100% control were being obtained. An acquirer could be expected to pay a premium for control due to the advantages they will receive should they obtain 100% control of another company. These advantages include the following:

- control over decision making and strategic direction;
- access to underlying cash flows;
- control over dividend policies; and
- access to potential tax losses.

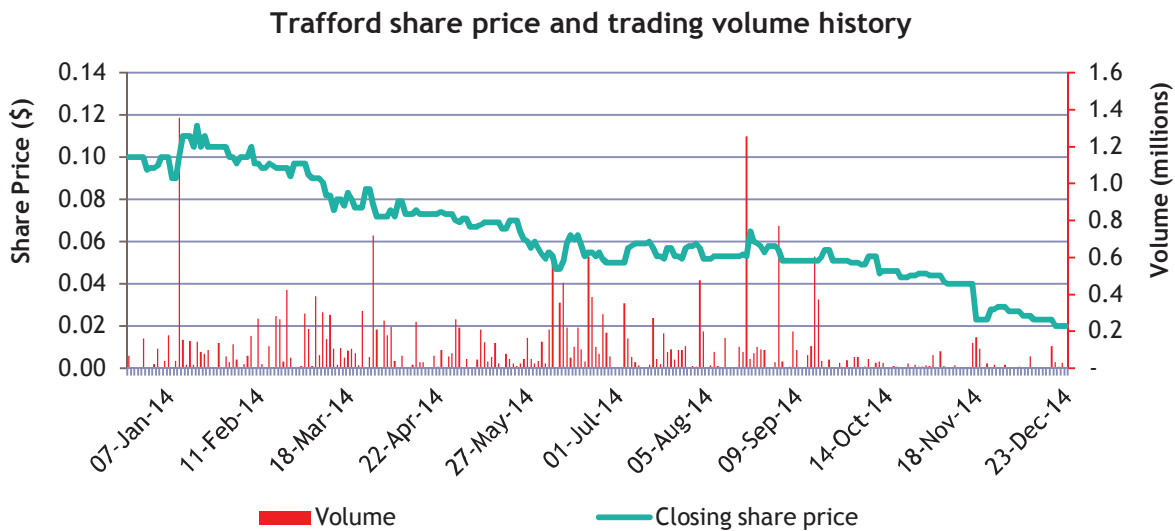
RG 111.13 states that the expert can then consider an acquirer's practical level of control when considering reasonableness. Reasonableness has been considered in Section 15.

Therefore, our calculation of the quoted market price of a Trafford share including a premium for control has been prepared in two parts. The first part is to calculate the quoted market price on a minority interest basis. The second part is to add a premium for control to the minority interest value to arrive at a quoted market price value that includes a premium for control.

### Minority interest value

Our analysis of the quoted market price of a Trafford share is based on the pricing prior to the announcement of the Schemes. This is because the value of a Trafford share after the announcement may include the effects of any change in value as a result of the Schemes. However, we have considered the value of a Trafford share following the announcement when we have considered reasonableness in Section 15.

Information on the Schemes were announced to the market on 24 December 2014. Therefore, the following chart provides a summary of the share price movement over the 12 months to 23 December 2014 which was the last trading day prior to the announcement.



Source: Bloomberg

The daily price of Trafford shares for the twelve months prior to 23 December 2014 has ranged from a low of \$0.020 on 23 December 2014 to a high of \$0.115 on 17 January 2014. The share price has shown a downward trend over the period, with the most significant trading volumes experienced in three months between May 2014 and July 2014. The highest single day of trading was on 13 January 2014, where 1,357,803 shares were traded.

During this period a number of announcements were made to the market. The key announcements are set out below:

Date	Announcement	Closing Share Price Following Announcement		Closing Share Price Three Days After Announcement	
		\$ (movement)		\$ (movement)	
12/11/2014	Orinoco Cascavel Low Cost Development Plan	0.040	▸ 0.0%	0.040	▸ 0.0%
23/10/2014	High Grade Gold Continues in Orinoco's Cascavel Decline	0.044	▲ 2.3%	0.045	▲ 2.3%
08/10/2014	Orinoco Expands Cascavel Footprint	0.053	▸ 0.0%	0.046	▼ 13.2%
19/09/2014	Joint Venture Moves Towards Mining Start Up	0.056	▲ 5.7%	0.051	▼ 8.9%
18/09/2014	IFE: Wilcherry Hill Iron Ore Project Update	0.053	▲ 3.9%	0.051	▼ 3.8%
21/08/2014	Orinoco Announced More High Grade Gold at Cascavel	0.065	▲ 22.6%	0.058	▼ 10.8%
21/08/2014	IFE: JV discussions with Arrium for iron ore sale	0.065	▲ 22.6%	0.058	▼ 10.8%
31/07/2014	Quarterly Activities Report	0.059	▲ 1.7%	0.052	▼ 11.9%
31/07/2014	Quarterly Cashflow Report	0.059	▲ 1.7%	0.052	▼ 11.9%
29/07/2014	High Grade Gold Silver Copper Project in Colombia	0.058	▲ 1.8%	0.057	▼ 1.7%
28/07/2014	Orinoco to commence mining	0.057	▲ 9.6%	0.059	▲ 3.5%
21/07/2014	Government Opens up Woomera Area	0.057	▲ 10%	0.053	▼ 7%
08/07/2014	Bonanza Gold Grades from Orinoco Decline	0.059	▲ 2%	0.059	▸ 0%
07/07/2014	Weednanna Tin Discovery	0.058	▲ 2%	0.059	▲ 2%
18/06/2014	Orinoco commenced drilling at Tinteiro Project	0.053	▼ 9%	0.053	▸ 0%
18/06/2014	Western Gawler Craton Update	0.053	▼ 9%	0.053	▸ 0%
12/06/2014	Frequent visible gold in Orinoco's decline	0.063	▲ 7%	0.058	▼ 8%
10/06/2014	New Tin Province in Australia	0.051	▲ 9%	0.061	▲ 20%
27/05/2014	Prospectus	0.060	▼ 2%	0.057	▼ 5%
27/05/2014	Security Purchase Plan Offer Document	0.060	▼ 2%	0.057	▼ 5%
22/05/2014	Share Purchase Plan and Bonus Option Offer	0.070	▸ 0%	0.060	▼ 14%
22/05/2014	IFE: Re Release of Magnetite Announcement	0.070	▸ 0%	0.060	▼ 14%
20/05/2014	IFE: Manganese Technical Review	0.070	▲ 6%	0.065	▼ 7%
15/05/2014	IFE: Commencement of Manganese Drilling	0.069	▸ 0%	0.070	▲ 1%
01/05/2014	Wilcherry Hill Project Update by IronClad Mining	0.071	▲ 3%	0.067	▼ 6%
30/04/2014	Quarterly Cashflow Report	0.069	▼ 1%	0.067	▼ 3%
30/04/2014	Quarterly Activities Report	0.069	▼ 1%	0.067	▼ 3%
15/04/2014	Final Results for High Grade Zealous Tin Discovery	0.073	▼ 3%	0.073	▸ 0%
14/03/2014	Loan Agreement	0.080	▸ 0%	0.080	▸ 0%
25/02/2014	Orinoco Gold Limited Expands Tinteiro IOCG Project	0.097	▲ 7%	0.097	▸ 0%
19/02/2014	Zealous Tin Drilling Update	0.095	▸ 0%	0.091	▼ 4%

Date	Announcement	Closing Share Price Following Announcement			Closing Share Price Three Days After Announcement		
		\$	(movement)		\$	(movement)	
18/02/2014	Orinoco acquires Sertao from Troy	0.095	▼	1%	0.095	▶	0%
12/02/2014	Placement of Rights Issue Shortfall	0.095	▼	2%	0.096	▲	1%
30/01/2014	Re-release appendices - Manganese intersected by IronClad	0.100	▼	5%	0.100	▶	0%
28/01/2014	Manganese intercepted by IronClad Mining Limited	0.105	▶	0%	0.100	▼	5%
23/01/2014	Drill Programme Completed at Zealous Tin Prospect	0.105	▶	0%	0.105	▶	0%
20/01/2014	Successful Bulk Sampling for Orinoco Gold Limited	0.105	▼	9%	0.105	▶	0%
14/01/2014	Trafford Earns 51% Equity of Twin Peaks & Moorarie Rocks JV	0.110	▶	0%	0.115	▲	5%
13/01/2014	4.8% Tin in Diamond Hole Affirms New High Grade Discovery	0.110	▲	10%	0.105	▼	5%
13/01/2014	IFE: Commences First Pass Manganese Drilling	0.110	▲	10%	0.105	▼	5%

On 14 January 2014, Trafford announced that it had satisfied the earning obligation for 51% of the Twin Peaks and Moorarie Rocks Iron Ore Joint Venture with Independence Group NL. The terms of the Joint Venture gave Trafford the right to earn equity in the project by spending two million dollars within two years for 51% equity and a further 29% by spending an additional three million dollars over the next three years. On the day of the announcement, Trafford's share price remained unchanged at \$0.110, however increased by 5% to \$0.115 in the following three days.

On 22 May 2014, the Company announced a Share Purchase Plan ('SPP'), whereby the Company planned to raise up to \$1.25 million through the issue of approximately 17.86 million ordinary shares at \$0.07 per share. On the day of the announcement, the Company's share price remained unchanged at \$0.07 however fell by 14% to \$0.06 in the three days subsequent.

On 10 June 2014, Trafford announced the discovery of a potential new tin province at its 100% owned Wilcherry Hill and Peterlumbo tenements in South Australia. On the day of the announcement, the Company's share price increased by 9% to \$0.051 and continued to increase by a further 20% to \$0.061 in the following three days.

On 21 August 2014, Trafford announced that along with IronClad, the Company was in discussion with Arrium Mining Limited in relation to the potential sale of their direct ship iron ore. The Company also announced that Orinoco had announced that it had extended its high grade Cascavel Gold Project in Brazil by securing a nearby tenement with known gold mineralisation. On the day of the announcement, Trafford's share price increased by 22.6% to \$0.065 however fell by 10% to \$0.058 in the following three days.

To provide further analysis of the market prices for a Trafford share, we have also considered the weighted average market price for 10, 30, 60 and 90 day periods to 23 December 2014.

Share Price per unit	23-Dec-14	10 Days	30 Days	60 Days	90 Days
Closing price	\$0.020				
Volume weighted average price (VWAP)		\$0.021	\$0.023	\$0.033	\$0.050

Source: Bloomberg, BDO analysis

The above weighted average prices are prior to the date of the announcement of the Schemes, to avoid the influence of any increase in price of Trafford shares that has occurred since the Schemes were announced.

An analysis of the volume of trading in Trafford shares for the twelve months to 23 December 2014 is set out below:

Trading days	Share price low	Share price high	Cumulative volume traded	As a % of Issued capital
1 Day	\$0.020	\$0.020	29,812	0.02%
10 Days	\$0.020	\$0.023	258,172	0.21%
30 Days	\$0.020	\$0.040	745,765	0.60%
60 Days	\$0.020	\$0.053	1,332,681	1.07%
90 Days	\$0.020	\$0.066	5,618,445	4.50%
180 Days	\$0.020	\$0.075	14,853,195	11.90%
1 Year	\$0.020	\$0.130	24,546,962	19.66%

Source: Bloomberg, BDO analysis

This table indicates that Trafford's shares display a low level of liquidity, with 19.66% of the Company's current issued capital being traded in a twelve month period. For the quoted market price methodology to be reliable there needs to be a 'deep' market in the shares. RG 111.69 indicates that a 'deep' market should reflect a liquid and active market. We consider the following characteristics to be representative of a deep market:

- Regular trading in a company's securities;
- Approximately 1% of a company's securities are traded on a weekly basis;
- The spread of a company's shares must not be so great that a single minority trade can significantly affect the market capitalisation of a company; and
- There are no significant but unexplained movements in share price.

A company's shares should meet all of the above criteria to be considered 'deep', however, failure of a company's securities to exhibit all of the above characteristics does not necessarily mean that the value of its shares cannot be considered relevant.

In the case of Trafford, we do not consider there to be a deep market for the Company's shares as a result of only 19.66% of the Company's share price being traded over the twelve months prior to the announcement of the Scheme.

Our assessment is that a range of values for Trafford shares based on market pricing, after disregarding post announcement pricing, is between \$0.020 and \$0.030.

## Control Premium

We have reviewed the control premiums paid by acquirers of mining companies listed on the ASX. We have summarised our findings below:

Year	Number of Transactions	Average Deal Value (AU\$m)	Average Control Premium (%)
2014	11	134.60	32.09
2013	16	51.76	57.80
2012	20	130.16	40.22
2011	22	550.96	38.02
2010	25	791.97	43.27
2009	29	103.61	39.23
2008	8	591.43	38.87
	<b>Median</b>	<b>134.60</b>	<b>39.23</b>
	<b>Mean</b>	<b>336.36</b>	<b>41.36</b>

Source: Bloomberg and BDO analysis

In arriving at an appropriate control premium to apply we note that observed control premiums can vary due to the:

- Nature and magnitude of non-operating assets;
- Nature and magnitude of discretionary expenses;
- Perceived quality of existing management;
- Nature and magnitude of business opportunities not currently being exploited;
- Ability to integrate the acquiree into the acquirer's business;
- Level of pre-announcement speculation of the transaction;
- Level of liquidity in the trade of the acquiree's securities.

The table above indicates that there has been an increasing trend of control premia paid by acquirers of mining companies since 2008, in particular in 2013 where there were four control transactions with announced premiums in excess of 85%. The long term average of announced control premium paid by acquirers of mining targets in Australia is in excess of 41%. Based on the analysis above we believe that an appropriate control premium to apply in our valuation of Trafford's shares is between 30% and 40%.

### Quoted market price including control premium

Applying a control premium to Trafford's quoted market share price results in the following quoted market price value including a premium for control:

	Low	Midpoint	High
	\$	\$	\$
Quoted market price value	0.020	0.025	0.030
Control premium	30%	35%	40%
<b>Quoted market price valuation including a premium for control</b>	<b>0.026</b>	<b>0.034</b>	<b>0.042</b>

Source: BDO analysis

Therefore, our valuation of a Trafford share based on the quoted market price method and including a premium for control is between \$0.026 and \$0.042, with a midpoint value of \$0.034.

### 11.3 Assessment of the value of Trafford prior to the Schemes

The results of the valuations performed are summarised in the table below:

	Low	Preferred	High
	\$	\$	\$
Net assets value (Section 11.1)	0.060	0.084	0.106
ASX market prices (Section 11.2)	0.026	0.034	0.042

Source: BDO analysis

We consider the net asset value to be the most appropriate methodology, given that the core value of the Company lies in the exploration assets that it holds. We have instructed an independent specialist to value Trafford's mineral assets, which we have included in our net asset value. The net asset value also best represents the value that is attributable to shareholders as a whole.

We note that our NAV value is higher than the value obtained using the QMP methodology. We attribute this difference in value derived under the two methods to the following:

- There is not a deep market for the Company's shares with only 19.66% of its current issued capital being traded in the twelve months prior to the announcement of the Schemes. This suggests that the QMP method may not give the most accurate indication of value, therefore explaining part of the difference between the two methods;
- The QMP of a Trafford share is likely to be negatively impacted by the currently depressed state of commodity markets. This may not be fully reflected in the NAV of the Company; and
- The QMP of a Trafford share is likely to reflect the Company's difficulty in obtaining funding, and Shareholders' expectations of future dilution should the Company be successful in raising the required funding to develop its projects.

Based on the results above we consider the value of a Trafford share prior to the implementation of the Schemes to be between \$0.060 and \$0.106, with a preferred value of \$0.084.

## 12. Valuation of the Proposed Merged Entity

In valuing a share in the Proposed Merged Entity, we have considered:

- The sum-of-parts method including the following valuation components:
  - The enterprise value of Trafford, per section 11.3;
  - The exploration assets of IronClad as valued by Ravensgate;
  - The value of IronClad's property, plant and equipment as provided by Henley; and
  - The value of other assets and liabilities of IronClad (applying the cost approach under the NAV method).
- Elimination of the value of the IronClad shares held by Trafford;
- The resulting number of shares on issue following the implementation of the Schemes; and
- A discount for minority interest.

### 12.1 Sum-of-parts method

The value of the Proposed Merged Entity derived from the sum-of-parts method is summarised below:

Sum-of-parts valuation	Ref	Low \$	Preferred \$	High \$
Value of Trafford	12.1.1	7,432,063	10,497,502	13,242,942
Value of IronClad's mineral assets	12.1.2	6,680,000	9,210,000	11,420,000
Value of IronClad's property, plant and equipment	12.1.3	8,885,000	9,700,000	10,152,000
Value of IronClad's other assets and liabilities	12.1.4	574,649	574,649	574,649
Less: Value of the IronClad shares held by Trafford	12.1.5	(374,081)	(474,795)	(575,509)
Value of the Proposed Merged Entity (control basis)		23,197,631	29,507,356	34,814,082
Discount for minority interest	12.1.6	29.0%	26.0%	23.0%
Value of the Proposed Merged Entity (minority basis)		16,470,318	21,835,443	26,806,843
Number of shares on issue	12.1.7	208,081,488	208,081,488	208,081,488
Value per share (\$) (minority basis)		0.079	0.105	0.129

#### 12.1.1 Enterprise value of Trafford

Based on our analysis in section 11.1, the value of Trafford prior to the implementation of the Schemes is between \$7,432,063 and \$13,242,942 with a preferred value of \$10,497,502.

#### 12.1.2 Value of IronClad's mineral assets

We have instructed Ravensgate to provide us with an independent specialist report (Appendix Three) on the value of the mineral assets of IronClad. Ravensgate considered a number of different valuation



methods when valuing the mineral assets of IronClad. Ravensgate applied the comparable transaction method. The comparable transaction method involves calculating a value per common attribute in a comparable transaction and applying that value to the subject asset. A common attribute could be the amount of resource or the size of a tenement. We consider this method to be appropriate given the pre feasibility stage of development for IronClad’s exploration assets. Ravensgate has considered the MEE method and other cost based methods however they consider these methods not to be appropriate as they do not provide a good indication of market value given the considerable expenditure undertaken on these projects.

The range of values for IronClad’s mineral assets is set out below:

Mineral assets of IronClad	Low Value \$m	Preferred Value \$m	High Value \$m
Wilcherry Hill Iron Mineral Resources	5.06	6.89	8.72
Wilcherry Hill Iron Exploration Tenure	1.61	2.32	2.7
<b>Total</b>	<b>6.68</b>	<b>9.21</b>	<b>11.42</b>

Source: Ravensgate Independent Valuation Report

The above valuation figures are exactly as presented by Ravensgate and minor rounding errors may occur.

### 12.1.3 Value of IronClad’s property, plant and equipment

We have instructed Henley to provide us with an independent specialist report (Appendix Four) on the value of the property, plant and equipment of IronClad. The range of values for IronClad’s property, plant and equipment is set out below:

Property, plant and equipment of IronClad	Low \$	Preferred \$	High \$
Dry magnetic separators	520,000	575,000	635,000
Ram spreader revolving bulk container system	925,000	1,025,000	1,037,000
Powered barge	3,290,000	3,600,000	3,755,000
80 person mining camp	4,150,000	4,500,000	4,725,000
<b>Total</b>	<b>8,885,000</b>	<b>9,700,000</b>	<b>10,152,000</b>

Source: Henley Independent Valuation Report

We are satisfied with the procedures performed by Henley in relation to the ownership of these assets. Please refer to section 5.3 of Henley’s report for further detail.

### 12.1.4 Other assets and liabilities of IronClad

Based on the financial position of IronClad as at 31 December 2014, the value of its other assets and liabilities are as follows:

Other assets and liabilities	Low \$	Preferred \$	High \$
Net assets as at 31 December 2014	10,588,773	10,588,773	10,588,773
Less: Book value of exploration expenditure	(250,000)	(250,000)	(250,000)
Less: Book value of assets classified as held for sale	(3,600,000)	(3,600,000)	(3,600,000)
Less: Book value of property, plant and equipment	(6,164,124)	(6,164,124)	(6,164,124)
<b>Adjusted net other assets and liabilities of IronClad</b>	<b>574,649</b>	<b>574,649</b>	<b>574,649</b>

### 12.1.5 Value of IronClad shares held by Trafford

Trafford currently holds 28,775,445 shares in IronClad. Following the implementation of the Schemes, IronClad plans to call an EGM whereby it will seek shareholder approval to cancel these shares. We have conducted our analysis on the assumption that shareholder approval will be obtained and the shares will be cancelled. Therefore, in assessing the value of the Proposed Merged Entity we have eliminated this investment. Based on our analysis under Note b) in section 11.1, we have assessed the value of Trafford's holding in IronClad to be between \$374,081 and \$575,509 with a midpoint value of \$474,795.

### 12.1.6 Discount for minority interest

The net asset value of the Proposed Merged Entity is reflective of a controlling interest. We have adjusted our valuation of the Proposed Merged Entity following the Schemes, to reflect a minority interest holding. A minority interest discount is the inverse of a premium for control and is calculated using the formula  $1 - (1/1 + \text{control premium})$ . As discussed in Section 11.2, we consider an appropriate control premium for an Australian mining company to be in the range of 30% to 40%, giving rise to a minority interest discount in the range of 23% to 29%.

### 12.1.7 Number of shares on issue

The table below details the shares on issue following the implementation of the Schemes.

Summary of Merged Entity	Number
Number of shares IronClad currently has on issue prior to the Schemes	108,203,871
Number of shares to be issued to Trafford shareholders under the Offer	128,653,062
Total number of shares immediately following the Implementation of the Schemes	236,856,933
Less: Current IronClad shares held by Trafford which will be cancelled under the Share Scheme*	(28,775,445)
<b>Number of shares on issue on completion of the Share Scheme</b>	<b>208,081,488</b>

\*We note that if the Schemes are approved, IronClad will seek shareholder approval at an EGM to cancel the above shares held by Trafford.

## 12.2 Assessment of Proposed Merged Entity value

The results of the valuation performed under the sum-of-parts method is summarised in the table below:

	Low	Preferred	High
	\$	\$	\$
Value of a share in the Proposed Merged Entity (Section 12.1)	0.079	0.105	0.129

Based on our assessment above, we consider that the value of a share in the Proposed Merged Entity is in the range of \$0.079 and \$0.129, with a preferred value of \$0.105.

## 13. Valuation of Options

### 13.1 Assessment of the value of a Trafford options

In valuing the Trafford options we have considered the following methodologies:

- The quoted market price for a Trafford option; and
- The Black Scholes option pricing model to calculate the value of a Trafford option.

#### 13.1.1 Quoted market price for Trafford options

To provide a valuation of a Trafford option, we have assessed the quoted market price for a Trafford option.

The quoted market value of a company's options is reflective of a minority interest. A minority interest is an interest in a company that is not significant enough for the holder to have an individual influence in the operations and value of that company.

RG 111.11 suggests that the expert should calculate the value of a company's options as if 100% control were being obtained. An acquirer could be expected to pay a premium for control due to the advantages they will receive should they obtain 100% control of another company. These advantages include the following:

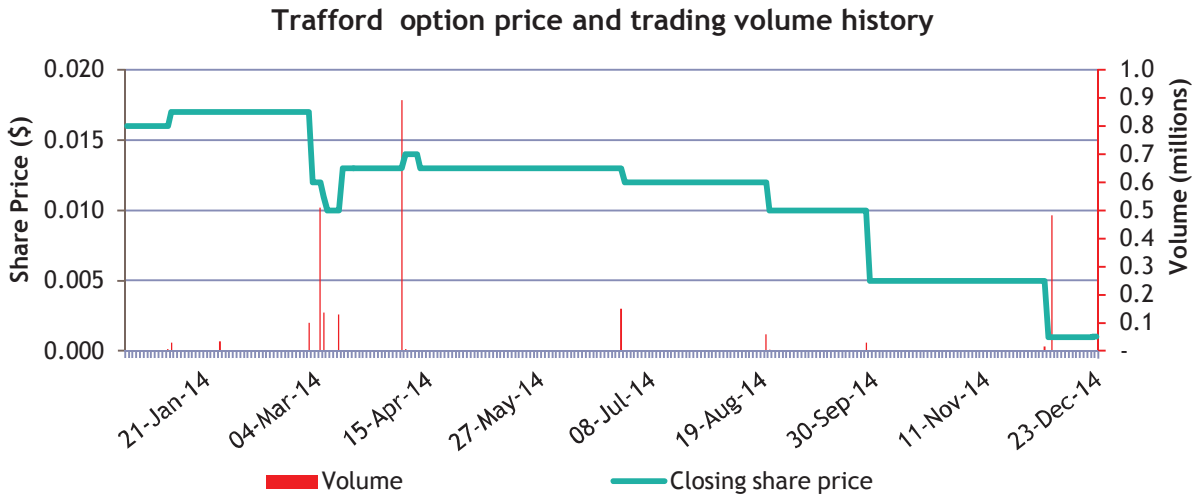
- control over decision making and strategic direction;
- access to underlying cash flows;
- control over dividend policies; and
- access to potential tax losses.

Therefore, our calculation of the quoted market price of a Trafford option including a premium for control has been prepared in two parts. The first part is to calculate the quoted market price on a minority interest basis. The second part is to add a premium for control to the minority interest value to arrive at a quoted market price value that includes a premium for control.

#### Minority interest value

Our analysis of the quoted market price of a Trafford option is based on the pricing prior to the announcement of the Schemes. This is because the value of a Trafford option after the announcement may include the effects of any change in value as a result of the Schemes.

Information on the Schemes were announced to the market on 24 December 2014. Therefore, the following chart provides a summary of the option price movement over the 12 months to 23 December 2014 which was the last trading day prior to the announcement.



Source: Bloomberg and BDO Analysis

The daily price of Trafford options for the twelve months prior to 23 December 2014 has ranged from a low of \$0.001 on 23 December 2014 to a high of \$0.018 on 28 January 2014. The option price has shown a downward trend over the period, with the most significant trading volumes experienced in March 2014. The highest single day of trading was on 7 April 2014, where 892,857 options were traded.

To provide further analysis of the market prices for an Trafford option, we have also considered the weighted average market price for 10, 30, 60 and 90 day periods to 23 December 2014.

Share Price per unit	23-Dec-14	10 Days	30 Days	60 Days	90 Days
Closing price	\$0.001				
Volume weighted average price (VWAP)		\$0.001	\$0.001	\$0.001	\$0.002

Source: Bloomberg, BDO analysis

The above weighted average prices are prior to the date of the announcement of the Schemes, to avoid the influence of any increase in price of Trafford options that has occurred since the Schemes were announced.

An analysis of the volume of trading in Trafford options for the twelve months to 23 December 2014 is set out below:

Trading days	Share price low	Share price high	Cumulative volume traded	As a % of Issued capital
1 Day	\$0.001	\$0.001	-	0.00%
10 Days	\$0.001	\$0.001	-	0.00%
30 Days	\$0.001	\$0.005	500,005	1.95%
60 Days	\$0.001	\$0.005	500,005	1.95%
90 Days	\$0.001	\$0.012	594,505	2.31%
180 Days	\$0.001	\$0.013	744,505	2.90%
1 Year	\$0.001	\$0.018	2,594,755	10.10%

Source: Bloomberg, BDO analysis

This table indicates that Trafford's options display a low level of liquidity, with 10.10% of the Company's current issued options being traded in a twelve month period. For the quoted market price methodology to be reliable there needs to be a 'deep' market in the options. RG 111.69 indicates that a 'deep' market should reflect a liquid and active market. We consider the following characteristics to be representative of a deep market:

- Regular trading in a company's securities;
- Approximately 1% of a company's securities are traded on a weekly basis;
- The spread of a company's securities must not be so great that a single minority trade can significantly affect the market capitalisation of a company; and
- There are no significant but unexplained movements in the price of the security.

A company's options should meet all of the above criteria to be considered 'deep', however, failure of a company's securities to exhibit all of the above characteristics does not necessarily mean that the value of its options cannot be considered relevant.

In the case of Trafford, we do not consider there to be a deep market for the Company's options as only 10.10% of the Company's currently issued options were traded over the twelve months prior to the announcement of the Schemes. We also note that over this time there were only 16 days where the options traded.

Our assessment is that the value of a Trafford option based on market pricing, after disregarding post announcement pricing, is \$0.001.

### Quoted market price including control premium

As outlined in section 11.2, we consider an appropriate control premium to apply in our valuation of Trafford's options is between 30% and 40%.

Applying a control premium to Trafford's quoted market option price results in the following quoted market price value including a premium for control:

	Low \$	Midpoint \$	High \$
Quoted market price value	0.001	0.001	0.001
Control premium	30%	35%	40%
<b>Quoted market price valuation including a premium for control</b>	<b>0.0013</b>	<b>0.00135</b>	<b>0.0014</b>

### 13.1.2 Black Scholes option pricing model

We have used the Black Scholes option pricing model to calculate the value of the Trafford options.

Under option valuation theory, no discount is made to the fundamental value derived from the option valuation model for unlisted options over listed shares. Option pricing models assume that the exercise of an option does not affect the value of the underlying asset.

In valuing the Trafford options, we made the following assumptions regarding the inputs required for our option pricing model.

The terms of the Trafford options are as follows:

Item	
Number of options	25,700,963
Exercise price	\$0.20
Valuation date	23-Dec-14
Expiry date	20-May-15
Time to expiry (years)	0.41
Exercise conditions	No

#### Value of the Underlying Shares

Based on our assessment of the value of a Trafford share (on a controlling interest basis) in section 11.2, we have input the low, preferred and high values of \$0.026, \$0.034 and \$0.042 respectively, into our option pricing model.

#### Exercise Price of the Options

The exercise price is the price at which the underlying ordinary shares will be issued. The exercise price of the Trafford options are \$0.20.

#### Valuation Date

We have valued the Trafford options as at 23 December 2014, being the last trading day prior to the announcement of the Schemes.

#### Life of the Options

We have estimated the life of the Trafford options for the purpose of our valuation. The minimum life of an option is the length of any vesting period. The maximum life is based on the expiry date, which is the remaining term of an option from the valuation date of the options to the expiry date. The term of the Trafford options is approximately 0.41 years.

There are many factors that determine the rationale for exercising options and therefore, the effective life of those options. Some of these factors include:

There is a limited track record of unlisted options being exercised early. Generally, early exercise occurs:

- If the options are deep in the money as it is profitable for the holder of the option to exercise the options
- If the stock pays a dividend as the opportunity cost of holding the option is high

- If the volatility of the underlying share price is low as the probability of the options becoming deeper in the money is low relative to a highly volatile stock
- When the options are held by junior level employees. Senior employees are more likely to continue their employment with the company and therefore there is no incentive to exercise their options.

For the purpose of this valuation, we have estimated an exercise date as the expiry date giving the effective life for the Trafford options of 0.41 years, which we have input into the Black Scholes option pricing model.

### Expected Volatility of the Share Price

Expected volatility is a measure of the amount by which a price is expected to fluctuate during a period. The measure of volatility used in option pricing models is the annualised standard deviation of the continuously compounded rates of return on the share over a period of time.

Many techniques can be applied in determining volatility, with a summary of the methods we use below:

- The square root of the mean of the squared deviations of closing prices from a sample. This can be calculated using a combination of the opening, high, low, and closing share prices each day the underlying security trades for all days in the sample time period chosen
- The exponential weighted moving average model adopts the closing share price of the Company in a given time period. The model estimates a smoothing constant using the maximum likelihood method, which estimates volatility assuming that volatility is not a constant measure and is predicted to change in the future
- The generalised autoregressive conditional heteroscedasticity model. This model takes into account periods of time where volatility may be higher than normal and/or lower than normal, as well as the tendency for the volatility to run at its long run average level after such periods of abnormality. The model will calculate the rate at which this is likely to occur from the sample of prices thereby enabling estimates of future volatility by time to be made.

The recent volatility of the share price of Trafford was calculated from the Pre-announcement date of the Schemes, using data extracted from Bloomberg. On this basis, we used a future estimated volatility level of 90% for Trafford in our pricing model.

### Risk-Free Rate of Interest

We have used the Australian Government two-year bond rate of 2.27% as at the valuation date as inputs to our option pricing model.

### Dividends Expected on the Shares

Trafford is not expected to pay a dividend during the life of the options.

### Conclusion

We set out below our conclusions as to the value of the Trafford options:

Trafford options	Low	Preferred	High
Underlying Security spot price	\$0.026	\$0.034	\$0.042
Exercise price	\$0.20	\$0.20	\$0.20
Valuation Date	23 December 2014		
Expiration date	20 May 2015		
Time to expiry	0.41 years		
Volatility	90% per annum		
Risk free rate	2.27% per annum		
Valuation per Option	Nil	Nil	Nil

Source: BDO Analysis

Based on the above inputs, we conclude that the value of a Trafford option is nil.

### 13.2 Assessment of Proposed Merged Entity Options

The terms of the Proposed Merged Entity options the Optionholders receive under the Option Scheme is as follows:

Item	
Number of Options*	25,700,963
Exercise price	\$0.20
Valuation Date	23 December 2014
Expiry date	20 May 2016
Time to expiry	1.41 years
Exercise Conditions	No

\* based on 1 Proposed Merged Entity option received in exchange for every Trafford option.

#### Valuation Methodology

We have used the Black Scholes option pricing model to calculate the values of the Proposed Merged Entity options.

Under option valuation theory, no discount is made to the fundamental value derived from the option valuation model for unlisted options over listed shares. Option pricing models assume that the exercise of an option does not affect the value of the underlying asset.

In valuing the Proposed Merged Entity options, we made the following assumptions regarding the inputs required for our option pricing model.

#### Value of the Underlying Shares

Based on our valuation of a share in the Proposed Merged Entity in section 12.2, we have used the low, preferred and high range values of \$0.079, \$0.105 and \$0.129 per share as the underlying share prices to obtain the low, preferred and high range values for the Proposed Merged Entity options.



### Exercise Price of the Options

The exercise price is the price at which the underlying ordinary shares will be issued. The exercise price is \$0.20 for the Proposed Merged Entity options.

### Valuation Date

We have valued the Proposed Merged Entity options as at 23 December 2014.

### Life of the Options

We have estimated the life of the Proposed Merged Entity options for the purpose of our valuation. The minimum life of an option is the length of any vesting period. The maximum life is based on the expiry date, which is the remaining term of an option from valuation date of the options to the expiry date. The term of the Proposed Merged Entity options is approximately 1.41 years.

There are many factors that determine the rationale for exercising options and therefore, the effective life of those options. Some of these factors include:

There is a limited track record of unlisted options being exercised early. Generally, early exercise occurs:

- If the options are deep in the money as it is profitable for the holder of the option to exercise the options
- If the stock pays a dividend as the opportunity cost of holding the option is high
- If the volatility of the underlying share price is low as the probability of the options becoming deeper in the money is low relative to a highly volatile stock
- When the options are held by junior level employees. Senior employees are more likely to continue their employment with the company and therefore there is no incentive to exercise their options.

For the purpose of this valuation, we have estimated an exercise date as the expiry date giving the effective life for the Proposed Merged Entity options of 1.41 years, which we have input into the Black Scholes option pricing model.

### Expected Volatility of the Share Price

Expected volatility is a measure of the amount by which a price is expected to fluctuate during a period. The measure of volatility used in option pricing models is the annualised standard deviation of the continuously compounded rates of return on the share over a period of time.

Many techniques can be applied in determining volatility, with a summary of the methods we use below:

- The square root of the mean of the squared deviations of closing prices from a sample. This can be calculated using a combination of the opening, high, low, and closing share prices each day the underlying security trades for all days in the sample time period chosen
- The exponential weighted moving average model adopts the closing share price of the Company in a given time period. The model estimates a smoothing constant using the maximum likelihood method, which estimates volatility assuming that volatility is not a constant measure and is predicted to change in the future

- The generalised autoregressive conditional heteroscedasticity model. This model takes into account periods of time where volatility may be higher than normal and/or lower than normal, as well as the tendency for the volatility to run at its long run average level after such periods of abnormality. The model will calculate the rate at which this is likely to occur from the sample of prices thereby enabling estimates of future volatility by time to be made.

The volatility of the share price of comparable companies was used as a proxy for the volatility of the Proposed Merged Entity. We obtained the recent volatility of the share price of comparable companies for one and two year periods, using data extracted from Bloomberg. We also considered the volatility of IronClad and Trafford in making this assessment. On this basis, we used a future estimated volatility level of 100% for the Proposed Merged Entity in our pricing model.

### **Risk-Free Rate of Interest**

We have used the Australian Government two-year bond rate of 2.27% as at the valuation date as inputs to our option pricing model.

### **Dividends Expected on the Shares**

The Proposed Merged Entity is not expected to pay a dividend during the life of the Proposed Merged Entity options.

## Conclusion

We set out below our valuation of the Proposed Merged Entity options:

Proposed Merged Entity options	Low	Preferred	High
Underlying Security spot price	\$0.079	\$0.105	\$0.129
Exercise price	\$0.20	\$0.20	\$0.20
Valuation Date	23 December 2014		
Expiration date	20 May 2016		
Time to expiry	1.41 years		
Volatility	100% per annum		
Risk free rate	2.27% per annum		
Valuation per Option	\$0.017	\$0.030	\$0.044

Source: BDO Analysis

Based on the above inputs, we consider the value of a Proposed Merged Entity option to be in the range of \$0.017 to \$0.044 with a preferred value of \$0.030.

## 14. Are the Schemes fair?

### 14.1 Share Scheme

The value of a share in Trafford prior to the implementation of the Share Scheme on a control basis is compared to the value of a share in the Proposed Merged Entity on a minority basis as set out below:

	Ref	Low \$	Preferred \$	High \$
Value of share in Trafford (control basis)	11.3	0.060	0.084	0.106
Value of a share in the Proposed Merged Entity (minority basis)	12.2	0.079	0.105	0.129

We note from the table above that the value of a share in the Proposed Merged Entity is greater than the value of a share in Trafford prior to the implementation of the Share Scheme. Therefore, we consider that the Share Scheme is fair for Shareholders.

### 14.2 Option Scheme

The value of a Trafford option prior to the implementation of the Option Schemes is compared to the value of an option in the Proposed Merged Entity as set out below:

	Ref	Low \$	Preferred \$	High \$
Value of a Trafford option	13.1.2	nil	nil	nil
Value of a Proposed Merged Entity option	13.2	0.017	0.030	0.044

We note from the table above that the value of an option in the Proposed Merged Entity is greater than the value of a Trafford option. Therefore, we consider that the Option Scheme is fair for Optionholders.

## **15. Are the Schemes reasonable?**

### **15.1 Advantages of approving the Schemes**

The implementation of the Schemes is expected to bring a number of benefits to Shareholders and Optionholders as well as to the Proposed Merged Entity as a combined group. We set out the key advantages below.

#### **15.1.1 The Schemes are fair**

As set out in section 14.1 and 14.2, the Schemes are fair. RG 111 states that an offer is reasonable if it is fair.

#### **15.1.2 Provide the Proposed Merged Entity with access to IronClad's infrastructure**

If the Schemes are approved, the Proposed Merged Entity will be able to utilise IronClad's infrastructure assets including the mine camp, a power barge, shipping containers and a magnetic plant. This will assist the Proposed Merged Entity in developing its projects to production. By streamlining the Proposed Merged Entity's path to production, it may enable the Proposed Merged Entity to capitalise on any future improvement in commodity prices.

#### **15.1.3 Creation of a combined group with a stronger financial position**

The implementation of the Schemes will bring about a combined group with a stronger financial position with combined net assets of over \$27 million. This may improve the Proposed Merged Entity's ability to raise additional capital, as well as potentially improving liquidity. This will benefit both Shareholders and Optionholders (if they elect to exercise their options).

#### **15.1.4 Creation of a company with a larger and more diversified portfolio of assets**

The Share Scheme will provide Shareholders with a larger and more diversified portfolio of assets and the Proposed Merged Entity will also experience improved flexibility in choosing which projects to develop, therefore reducing development risk and maximising shareholder value. A more diversified portfolio of assets also reduces the risks of the Proposed Merged Entity.

#### **15.1.5 Cleaner ownership structure of assets**

If the Schemes are implemented, the Proposed Merged Entity will hold 100% of the Wilcherry Hill iron ore projects as well as the tin and gold occurrences at the Weednanna Prospect. With a cleaner ownership structure, we expect the Proposed Merged Entity to benefit from cost and pricing synergies, as well as an increased attractiveness to potential investors. This may improve the Company's prospect of raising the required funding to further develop its projects.

### 15.1.6 The Proposed Merged Entity can utilise operating cost synergies

If the Schemes are approved, the Proposed Merged Entity is likely to benefit from operating cost synergies. In particular, if the Proposed Merged Entity was to progress the Wilcherry Hill Project to production, capital expenditure costs would be reduced as the merged entity could utilise infrastructure assets already owned by IronClad. Similarly, if the Schemes are approved, the Proposed Merged Entity will be able to utilise administrative cost synergies by removing the duplication of head office and corporate costs. This will enhance value to Shareholders in the long term.

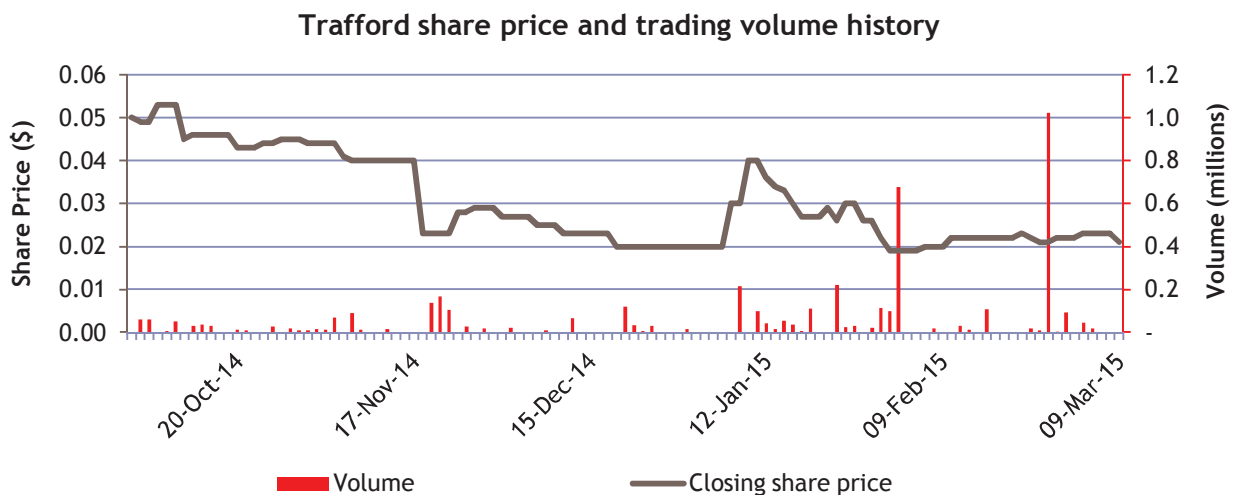
Following the implementation of the Schemes, the Board of IronClad will be retained as the Board of the Proposed Merged Entity. Therefore, if the Schemes are implemented the two independent directors of Trafford will not be part of the Board of the Proposed Merged Entity. This lowers the salary and administrative costs of the Proposed Merged Entity, therefore enhancing shareholder value.

### 15.1.7 Continuation as a going concern

Trafford’s auditor for the year ended 30 June 2014 and the half year ended 31 December 2014 issued an Emphasis of Matter relating to the ability of the Company to continue as a going concern. If the Schemes are approved, Trafford will gain access to IronClad’s cash and infrastructure assets, which may increase the ability of the Company to raise funds. Therefore, the Schemes are likely to aid in the Company continuing as a going concern in the near future.

### 15.1.8 Likelihood of increased liquidity in the shares of the Proposed Merged Entity

If the Schemes are approved, Trafford will gain access to IronClad’s infrastructure assets, which will allow a faster and more cost effective development of its exploration assets. The anticipated increased level of activities from a more advance staged asset portfolio is likely to increase the depth of liquidity in the Proposed Merged Entity’s shares. We have compared the below post announcement liquidity analysis with the QMP of Trafford in section 11.2 as set out below.



Source: Bloomberg, BDO Analysis

Following the announcement of the Schemes, over the period to 9 March 2015, approximately 2.59% of Trafford’s current issued capital has been traded. Our analysis in section 11.2 indicates that in the 10 days

and 30 days prior to the announcement of the Schemes, approximately 0.67% and 1.47% respectively of Trafford’s current issued capital was traded.

The analysis above indicates that if the Schemes are approved, it is likely that there will be a deeper liquidity in share trading of the Proposed Merged Entity.

## 15.2 Disadvantages of approving the Schemes

### 15.2.1 Shareholders’ and Optionholders’ interests will be diluted

Following the implementation of the Schemes, Shareholders’ interests will be diluted to 61.83% of the Proposed Merged Entity.

## 15.3 Other considerations

### 15.3.1 Alternative Proposal

We are unaware of any alternative proposal that might offer the Shareholders and Optionholders of Trafford a premium over the value ascribed to, resulting from the Schemes.

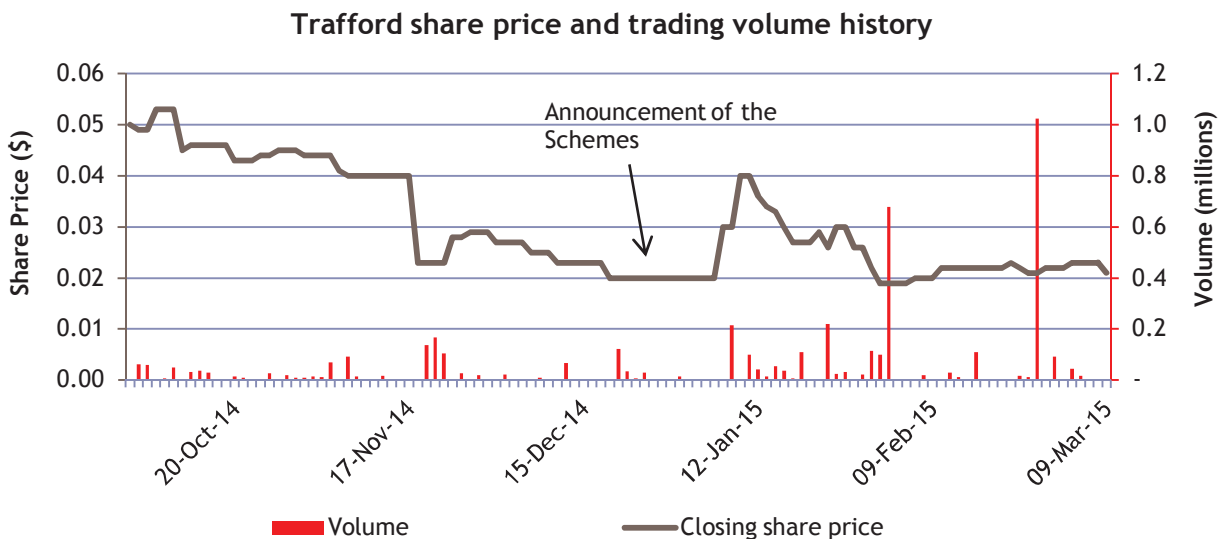
### 15.3.2 Consequences of not approving the Schemes

#### Potential decline in the liquidity of a Trafford share

Our analysis in sections 11.1, 11.2 and 15.1.8 indicate that if the Schemes are not approved, the liquidity of a Trafford share is likely to decrease.

#### Potential decline in share price of Trafford

We have analysed movements in Trafford’s share price following the announcement of the Schemes. A graph of Trafford’s share price leading up to and following the announcement is set out below.



Source: Bloomberg, BDO Analysis

Following the announcement of the Schemes on 24 December 2014, Trafford's share price increased from \$0.017 on 23 December 2014 to \$0.021 on 9 March 2015, an increase of approximately 24%. Given the above analysis it is possible that if the Schemes are not approved, then Trafford's share price may decline back to pre-announcement levels.

### Transaction costs will be borne by Trafford

If the Schemes are not implemented, transaction costs of approximately \$120,000 will be borne by Trafford.

### Implications specific to Option Scheme

If the Share Scheme is approved but the Option Scheme is not approved, and the Option Scheme being approved is preventing the Share Scheme from becoming effective, then IronClad may waive the condition precedent, therefore allowing the Share Scheme to proceed. In these circumstances, IronClad will acquire all of the Trafford shares but Trafford Optionholders will continue to hold their options in Trafford. Trafford would be de-listed from ASX, meaning there will not be an active market for any Trafford shares issued to Trafford Optionholders on the exercise of their Trafford options. Further, IronClad may have a right to compulsorily acquire the Trafford Options after the Share Scheme is implemented.

## 16. Conclusion

We have considered the terms of the Schemes as outlined in the body of this report and have concluded that the Share Scheme is fair and reasonable to Shareholders and we therefore conclude that the Share Scheme is in the best interest of Shareholders.

We have also concluded that the Option Scheme is fair and reasonable to Optionholders and we therefore conclude that the Option Scheme is in the best interest of Optionholders.

## 17. Sources of information

This report has been based on the following information:

- Scheme Booklet on or about the date of this report;
- Executed Merger Implementation Agreement dated 24 December 2014;
- Audited financial statements of Trafford for the years ended 30 June 2013 and 30 June 2014;
- Audited financial statements of IronClad for the years ended 30 June 2013 and 30 June 2014;
- Reviewed financial statements of Trafford for the half year ended 31 December 2014;
- Reviewed financial statements of IronClad for the half year ended 31 December 2014;
- Independent Valuation Report of Trafford's exploration assets dated 24 January 2015 performed by Ravensgate;
- Independent Valuation Report of IronClad's exploration assets dated 24 January 2015 performed by Ravensgate;
- Independent Valuation Report of IronClad's property, plant and equipment dated 27 January 2015 performed by Henley;

- Share registry information;
- Information in the public domain; and
- Discussions with Directors and Management of Trafford.

## 18. Independence

BDO Corporate Finance (WA) Pty Ltd is entitled to receive a fee of \$33,500 (excluding GST and reimbursement of out of pocket expenses). The fee is not contingent on the conclusion, content or future use of this Report. Except for this fee, BDO Corporate Finance (WA) Pty Ltd has not received and will not receive any pecuniary or other benefit whether direct or indirect in connection with the preparation of this report.

BDO Corporate Finance (WA) Pty Ltd has been indemnified by Trafford in respect of any claim arising from BDO Corporate Finance (WA) Pty Ltd's reliance on information provided by the Trafford, including the non provision of material information, in relation to the preparation of this report.

Prior to accepting this engagement BDO Corporate Finance (WA) Pty Ltd has considered its independence with respect to Trafford and IronClad and any of their respective associates with reference to ASIC Regulatory Guide 112 'Independence of Experts'. In BDO Corporate Finance (WA) Pty Ltd's opinion it is independent of Trafford and IronClad and their respective associates.

Neither the two signatories to this report nor BDO Corporate Finance (WA) Pty Ltd, have had within the past two years any professional relationship with Trafford, or their associates, other than in connection with the preparation of this report.

A draft of this report was provided to Trafford and its advisors for confirmation of the factual accuracy of its contents. No significant changes were made to this report as a result of this review.

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## 19. Qualifications

BDO Corporate Finance (WA) Pty Ltd has extensive experience in the provision of corporate finance advice, particularly in respect of takeovers, mergers and acquisitions.

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The persons specifically involved in preparing and reviewing this report were Sherif Andrawes and Adam Myers of BDO Corporate Finance (WA) Pty Ltd. They have significant experience in the preparation of independent expert reports, valuations and mergers and acquisitions advice across a wide range of industries in Australia and were supported by other BDO staff.



Sherif Andrawes is a Fellow of the Institute of Chartered Accountants in England & Wales and a Member of the Institute of Chartered Accountants in Australia. He has over twenty five years experience working in the audit and corporate finance fields with BDO and its predecessor firms in London and Perth. He has been responsible for over 250 public company independent expert's reports under the Corporations Act or ASX Listing Rules and is a CA BV Specialist. These experts' reports cover a wide range of industries in Australia with a focus on companies in the natural resources sector. Sherif Andrawes is the Chairman of BDO in Western Australia, Corporate Finance Practice Group Leader of BDO in Western Australia and the Natural Resources Leader for BDO in Australia.

Adam Myers is a member of the Australian Institute of Chartered Accountants. Adam's career spans 18 years in the Audit and Assurance and Corporate Finance areas. Adam has considerable experience in the preparation of independent expert reports and valuations in general for companies in a wide number of industry sectors.

## 20. Disclaimers and consents

This report has been prepared at the request of Trafford for inclusion in the Scheme Booklet which will be sent to all Trafford Shareholders. Trafford engaged BDO Corporate Finance (WA) Pty Ltd to prepare an independent expert's report to consider the proposed merger with IronClad.

BDO Corporate Finance (WA) Pty Ltd hereby consents to this report accompanying the above Scheme Booklet. Apart from such use, neither the whole nor any part of this report, nor any reference thereto may be included in or with, or attached to any document, circular resolution, statement or letter without the prior written consent of BDO Corporate Finance (WA) Pty Ltd.

BDO Corporate Finance (WA) Pty Ltd takes no responsibility for the contents of the Scheme Booklet other than this report.

We have no reason to believe that any of the information or explanations supplied to us are false or that material information has been withheld. It is not the role of BDO Corporate Finance (WA) Pty Ltd acting as an independent expert to perform any due diligence procedures on behalf of the Company. The Directors of the Company are responsible for conducting appropriate due diligence in relation to IronClad. BDO Corporate Finance (WA) Pty Ltd provides no warranty as to the adequacy, effectiveness or completeness of the due diligence process.

The opinion of BDO Corporate Finance (WA) Pty Ltd is based on the market, economic and other conditions prevailing at the date of this report. Such conditions can change significantly over short periods of time.

With respect to taxation implications it is recommended that individual Shareholders obtain their own taxation advice, in respect of the Schemes, tailored to their own particular circumstances. Furthermore, the advice provided in this report does not constitute legal or taxation advice to the Shareholders of Trafford, or any other party.

BDO Corporate Finance (WA) Pty Ltd has also considered and relied upon independent valuations for exploration assets held by Trafford and IronClad.

The valuer engaged for the exploration asset valuation for both Trafford and IronClad, Ravensgate, possess the appropriate qualifications and experience in the industry to make such assessments. The approaches adopted and assumptions made in arriving at their valuation is appropriate for this report. We have

received consent from the valuer for the use of their valuation report in the preparation of this report and to append a copy of their report to this report.

The valuer engaged for the property, plant and equipment valuation, Henley, possess the appropriate qualifications and experience in the industry to make such assessments. The approaches adopted and assumptions made in arriving at their valuation is appropriate for this report. We have received consent from the valuer for the use of their valuation report in the preparation of this report and to append a copy of their report to this report.

The statements and opinions included in this report are given in good faith and in the belief that they are not false, misleading or incomplete.

The terms of this engagement are such that BDO Corporate Finance (WA) Pty Ltd has no obligation to update this report for events occurring subsequent to the date of this report.

Yours faithfully

**BDO CORPORATE FINANCE (WA) PTY LTD**



**Sherif Andrawes**

Director



**Adam Myers**

Director

# Appendix 1 - Glossary of Terms

Reference	Definition
The Act	The Corporations Act 2001 (Cth)
APES 225	Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services'
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
Aquila	Aquila Resources Limited
BDO	BDO Corporate Finance (WA) Pty Ltd
The Company	Trafford Resources Limited
DCF	Discounted Future Cash Flows
DGO	Dominion Gold Operations Pty Ltd
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
EGM	Extraordinary General Meeting
FME	Future Maintainable Earnings
Henley	Henley Valuers
IronClad	IronClad Mining Limited
JORC Code	The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves
MIA	Merger Implementation Agreement
MEE	Multiple of Exploration Expenditure
NAV	Net Asset Value
Optionholders	Option holders of Trafford not associated with IronClad
Option Scheme	The proposed merger between Trafford and IronClad, whereby IronClad will offer

	Trafford Optionholders one option in IronClad for every Trafford option held
Orinoco	Orinoco Gold Limited
Our Report	This Independent Expert's Report prepared by BDO
Proposed Merged Entity	The combined entity of Trafford and IronClad if the Schemes are approved
QMP	Quoted Market Price
Ravensgate	Ravensgate Mining Industry Consultants
RBA	Reserve Bank of Australia
RG 60	Schemes of arrangement (September 2011)
RG 74	Acquisitions approved by Members (December 2011)
RG 111	Content of expert reports (March 2011)
RG 112	Independence of experts (March 2011)
R&D	Research and Development
Section 411	Section 411 of the Act
Scheme Booklet	The Scheme Booklet detailing the Share Scheme and Option Scheme, which is to be sent to all Trafford Shareholders and Optionholders
Schemes	The Share Scheme and the Option Scheme are collectively referred to as the Schemes
Share Scheme	The proposed merger between Trafford and IronClad, whereby IronClad will offer Trafford Shareholders one share in IronClad for every Trafford share held
Southern Gold	Southern Gold Limited
Trafford	Trafford Resources Limited
Shareholders	Shareholders of Trafford not associated with IronClad
Valmin Code	The Code of Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports
Valuation Engagement	An Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Valuer is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Valuer at that time.



VWAP

Volume Weighted Average Price

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The Directors

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38 Station Street

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Australia

## Appendix 2 - Valuation Methodologies

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Methodologies commonly used for valuing assets and businesses are as follows:

### 1 *Net asset value ('NAV')*

Asset based methods estimate the market value of an entity's securities based on the realisable value of its identifiable net assets. Asset based methods include:

- Orderly realisation of assets method
- Liquidation of assets method
- Net assets on a going concern method

The orderly realisation of assets method estimates fair market value by determining the amount that would be distributed to entity holders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the entity is wound up in an orderly manner.

The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter time frame. Since wind up or liquidation of the entity may not be contemplated, these methods in their strictest form may not be appropriate. The net assets on a going concern method estimates the market values of the net assets of an entity but does not take into account any realisation costs.

Net assets on a going concern basis are usually appropriate where the majority of assets consist of cash, passive investments or projects with a limited life. All assets and liabilities of the entity are valued at market value under this alternative and this combined market value forms the basis for the entity's valuation.

Often the FME and DCF methodologies are used in valuing assets forming part of the overall Net assets on a going concern basis. This is particularly so for exploration and mining companies where investments are in finite life producing assets or prospective exploration areas.

These asset based methods ignore the possibility that the entity's value could exceed the realisable value of its assets as they do not recognise the value of intangible assets such as management, intellectual property and goodwill. Asset based methods are appropriate when an entity is not making an adequate return on its assets, a significant proportion of the entity's assets are liquid or for asset holding companies.

### 2 *Quoted Market Price Basis ('QMP')*

A valuation approach that can be used in conjunction with (or as a replacement for) other valuation methods is the quoted market price of listed securities. Where there is a ready market for securities such as the ASX, through which shares are traded, recent prices at which shares are bought and sold can be taken as the market value per share. Such market value includes all factors and influences that impact upon the ASX. The use of ASX pricing is more relevant where a security displays regular high volume trading, creating a 'deep' market in that security.

### 3 *Capitalisation of future maintainable earnings ('FME')*

This method places a value on the business by estimating the likely FME, capitalised at an appropriate rate which reflects business outlook, business risk, investor expectations, future growth prospects and other entity specific factors. This approach relies on the availability and analysis of comparable market data.

The FME approach is the most commonly applied valuation technique and is particularly applicable to profitable businesses with relatively steady growth histories and forecasts, regular capital expenditure requirements and non-finite lives.

The FME used in the valuation can be based on net profit after tax or alternatives to this such as earnings before interest and tax ('EBIT') or earnings before interest, tax, depreciation and amortisation ('EBITDA'). The capitalisation rate or 'earnings multiple' is adjusted to reflect which base is being used for FME.

#### **4 Discounted future cash flows ('DCF')**

The DCF methodology is based on the generally accepted theory that the value of an asset or business depends on its future net cash flows, discounted to their present value at an appropriate discount rate (often called the weighted average cost of capital). This discount rate represents an opportunity cost of capital reflecting the expected rate of return which investors can obtain from investments having equivalent risks.

Considerable judgement is required to estimate the future cash flows which must be able to be reliably estimated for a sufficiently long period to make this valuation methodology appropriate.

A terminal value for the asset or business is calculated at the end of the future cash flow period and this is also discounted to its present value using the appropriate discount rate.

DCF valuations are particularly applicable to businesses with limited lives, experiencing growth, that are in a start up phase, or experience irregular cash flows.

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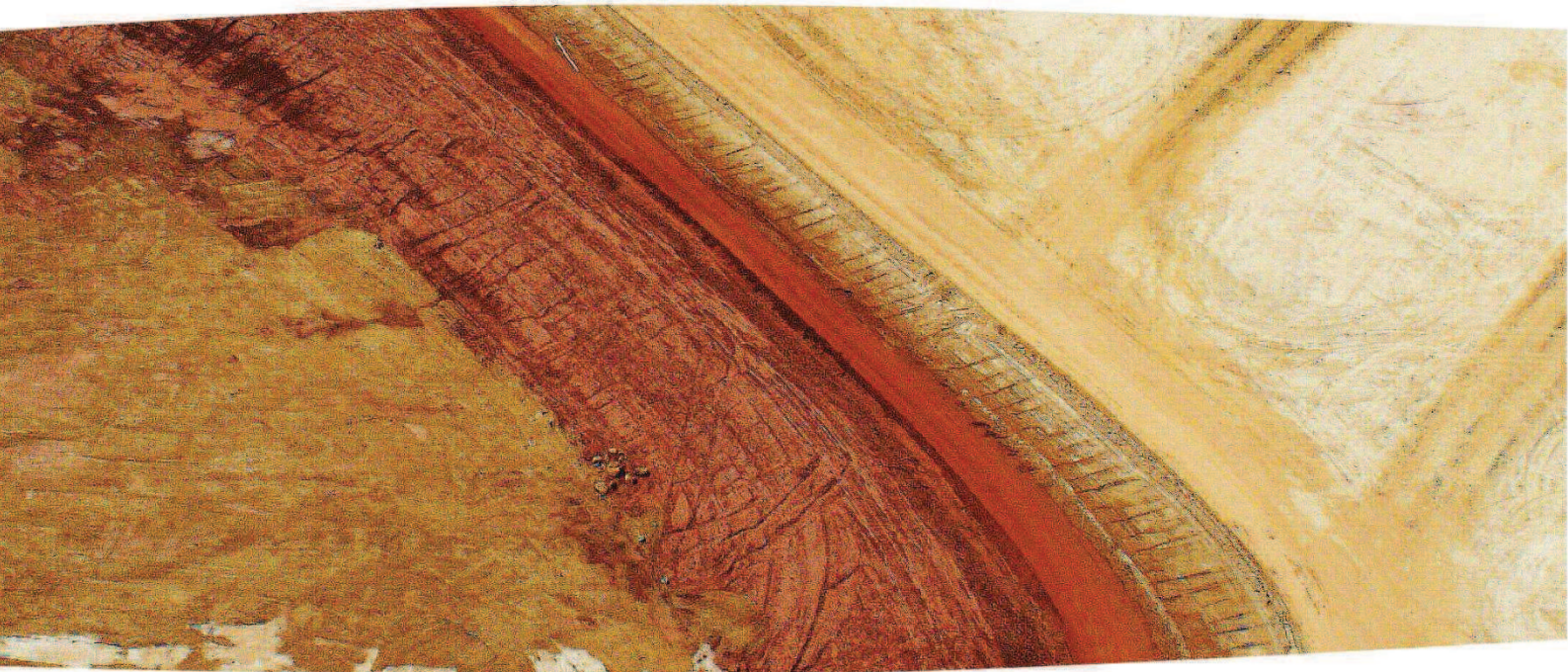
# Appendix 3 - Independent Valuation Report of Trafford's and IronClad's Exploration Assets prepared by Ravensgate

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**Technical Project Review  
and  
Independent Valuation Report  
Mineral Assets of Trafford Resources Limited  
and  
IronClad Mining Limited  
for  
BDO Corporate Finance (WA) Pty Ltd**



RESOURCEFUL

TECHNICAL

PARTNERS

**Technical Project Review  
and  
Independent Valuation Report  
Mineral Assets of Trafford Resources Limited  
and  
IronClad Mining Limited  
for  
BDO Corporate Finance (WA) Pty Ltd**

**24 January 2015**

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# Technical Project Review and Independent Valuation

Prepared by RAVENSGATE on behalf of:

**BDO Corporate Finance (WA) Pty Ltd**

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For and on behalf of:  
RAVENSGATE



Alan Hawkins  
For and on behalf of:  
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For and on behalf of:  
RAVENSGATE

*This report has been commissioned from and prepared by Ravensgate for the exclusive use of BDO Corporate Finance (WA) Pty Ltd. Each statement or opinion in this report is provided in response to a specific request from BDO Corporate Finance (WA) Pty Ltd to provide that statement or opinion. Each such statement or opinion is made by Ravensgate in good faith and in the belief that it is not false or misleading. Each statement or opinion contained within this report is based on information and data supplied by Trafford Resources Limited and IronClad Mining Limited to Ravensgate, or otherwise obtained from public searches conducted by Ravensgate for the purposes of this report.*



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## PART 1

### 1. EXECUTIVE SUMMARY

#### 1.1 Background

Corvidae Pty Ltd as Trustee for Ravensgate Unit Trust trading as Ravensgate (Ravensgate) was commissioned by BDO Corporate Finance (WA) Pty Ltd (BDO) and Trafford Resources Limited (Trafford) to provide a Technical Project Review on the mineral assets of Trafford and IronClad Mining Limited (IronClad) in Australia and an Independent Technical Valuation over these assets. This Technical Project Review and Independent Valuation Report were prepared by Ravensgate for inclusion in the Independent Expert's Report (IER) prepared by BDO. The effective date of this Technical Project Review and Independent Valuation Report prepared by Ravensgate is the 21 January 2015.

The companies and their projects included in this report and its ownership are listed below.

<u>Trafford Mineral Assets</u>	<u>Trafford Ownership %</u>
Wilcherry Hill Project	20% (Fe rights JV Tenure) & 100%
Western Gawler Craton Project	51% (Au rights JV Tenure) & 100%
Twin Peaks Project	51% (Fe rights JV Tenure) & 100%
Lynas Find Project	80% (Au rights JV Tenure) & 100%
<u>IronClad Mineral Assets</u>	<u>IronClad Ownership %</u>
Wilcherry Hill Iron Project	80% (Fe Rights JV Tenure)

#### 1.2 Trafford Project Review

##### 1.2.1 Wilcherry Hill Project

The Wilcherry Hill project has been explored by a number of companies for uranium, lead, zinc, copper, gold and silver since 1970. Trafford acquired the Wilcherry Hill Project in 2006 after listing on the Australian Securities Exchange (ASX). Trafford are currently in a joint venture with IronClad in which IronClad have the rights to iron only on four of the nine tenements in the Wilcherry Hill tenement package. The project is located in South Australia ~300km to the northwest of Adelaide and ~30km north of the township of Kimba at the top of the Eyre Peninsula and ~130km to the northwest from the steel making town of Whyalla. Trafford have been exploring the project for a variety of commodities and deposit styles and have recently identified significant tin mineralisation at the Zealous prospect, with re-assaying of samples at the advanced gold prospect of Weednanna also returning broad intersections of tin mineralisation. Manganese mineralisation also occurs, with mineralisation being associated with the Hercules prospect, which IronClad have signed an earn-in agreement with Trafford for 80% of the Mn rights.

##### 1.2.2 Western Gawler Craton Project

The Western Gawler Craton Project area comprises Exploration Licences and Exploration Licence Applications, 100% held by Trafford and in joint venture with Kingsgate Consolidated Limited (Kingsgate) covering an area of 7,443km<sup>2</sup>, in the northwestern area of South Australia on the western part of the Gawler Craton. The Gawler Craton hosts the world class Olympic Dam Iron Oxide Copper Gold (IOCG) deposit currently being mined by BHP Billiton and also hosts the significant Oz Minerals owned IOCG deposits of Carrapateena and Prominent Hill, as well as the smaller gold deposits of Challenger, Tarcoola and Peculiar Knob.

The Challenger Gold Mine (owned by Kingsgate) is approximately central to the project area and is ~750km to the northwest from Adelaide, 150km to the southwest from Coober Pedy and 130km to the northwest from Tarcoola. The area is located within the Woomera Prohibited Area (WPA), a military testing range, covering ~124,000km<sup>2</sup>.



### 1.2.3 Twin Peaks Project

The Twin Peaks Project is a joint venture between Trafford and Independence Group NL (Independence) whereby Trafford may earn a staged 80% equity in the iron ore rights in the project by expending \$5M over five years. The Twin Peaks Project is located 500km north of the city of Perth and ~200km northeast of the coastal town of Geraldton, within the Yalgoo Mineral Field, in the West Murchison region of Western Australia, within the Yilgarn Craton. Drilling results indicate that the Woolbung Peak Prospect has potential to develop into a boutique open pit, low stripping ratio, high grade DSO hematite deposit with low associated contaminants.

### 1.2.4 Lynas Find Project

The Lynas Find Project is comprised of twelve granted Prospecting Licenses - P45/2628, P45/2629, P45/2764 - P45/2773, which are 100% owned by Trafford, and one Exploration Licence - E45/2375, which Trafford are entitled to 80% of the gold rights. The tenements lie on the Wallareenya Pastoral lease, ~100km south of Port Hedland within the Pilbara Mineral Field of Western Australia. Mining commenced at the Breccia Hill and Main Hill pits in late 1994. Mining activities were then diverted to the Iron Stirrup deposit and both the Iron Stirrup and Zakanaka pits were mined during 1997. A pit wall collapse at the Iron Stirrup open-cut occurred during a time of depressed gold prices. At that time Lynas Gold NL was very keen to relocate the Lynas Find treatment plant to the Paraburdoo Gold Project, a new project with Sipa Resources at Mount Olympus. These factors prompted Lynas Gold NL to cease mining operations altogether leaving in-situ the remaining goodby-cut from the Iron Stirrup mine and the proposed cut-backs at the Breccia Hill and Main Hill pits. Between 1994 and 1998 the Lynas Find Gold Project recovered 125,493 ounces of gold from 2,113,908t of ore with an average grade of 1.85g/t Au. In addition to gold, the area has been known historically for its copper-lead-zinc and tin-tantalum-lithium mineralisation.

## 1.3 IronClad Project Review

### 1.3.1 Wilcherry Hill Iron Project

In July 2007, IronClad entered into a joint venture with Trafford to develop the Wilcherry Hill Iron Project. IronClad has since progressed key aspects of the Wilcherry Hill Iron Project, increasing the resource size five-fold and bringing it closer to production by undertaking detailed geological, mine development, metallurgical, environmental, social and infrastructure studies and approvals. The project comprises the mining of iron ore at Wilcherry Hill, road transportation to a port at Lucky Bay and export of the ore by transshipment to offshore vessels. It is intended to develop the Wilcherry Hill Iron Project in two stages. Initially Stage 1 consists of mining of three iron ore deposits. These deposits contain both high grade iron ore suitable for direct shipping ore and lower grade iron ore suitable for beneficiation using a simple dry magnetic separation process. Stage 2 involves the mining of additional deposits and beneficiation of the ore using a wet gravity separation process.

## 1.4 Technical Valuation

The valuation presented in this report was completed on behalf of BDO. The valuation has been completed with information provided by and with the full support of Trafford and IronClad. The applicable valuation date is 21 January 2015 and is derived from using the Comparable Transactions valuation method. As the technical valuations of Trafford and IronClad are based on comparable market transactions it can be considered to also be the market value. The definition of market value that Ravensgate adopts is that used in the VALMIN code, which is the market value definition as defined by the International Valuation Standards Committee (IVSC).

### 1.4.1 Trafford Valuation

Trafford's projects can be classified as Predevelopment Project, Advanced Exploration Area and Exploration Area mineral assets. Mineral Resources as defined by the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves - 2012 Edition (JORC Code 2012 Edition) have been reported at the Wilcherry and Western Gawler Craton projects (Sections 4.6 and 7.6).



To derive appropriate values for the various projects Ravensgate reviewed the mineral resources, exploration data and prospectivity for the projects. The preferred value thus determined for each project was based upon a review of the Mineral Resources and prospectivity of each project and the number and quality of exploration targets on each project as described in Sections 3.5, 4.5, 5.5 and 6.5. To derive the valuations for the Mineral Resources, Ravensgate reviewed the resources and the values assigned reflect the confidence and grade of the Mineral Resources.

Ravensgate has concluded that Trafford's Australian projects are of merit (although at varying stages of exploration and subsequent mineral asset classification), and worthy of further exploration or development. A summary of Trafford's project valuation in respective ownership terms is provided in Table 1. The value of Trafford's projects is considered to lie in a range from \$6.76M to \$12.32M; within this range Ravensgate has selected a preferred value of \$9.70M. The valuation of the Trafford's projects are outlined in detail in Section 8.

**Table 1 Trafford Technical Valuation in Ownership Equity Percentage Terms**

Project	Mineral Asset	Equity %	Area km <sup>2</sup>	Valuation		
				Low \$M	Preferred \$M	High \$M
Wilcherry Hill Mineral Resources	Predevelopment Project	20		1.27	1.72	2.18
Wilcherry Hill Exploration Tenure	Exploration Area	20 & 100	2,403	2.00	3.16	4.06
Western Gawler Craton Mineral Resource	Advanced Exploration Area	51		0.41	0.54	0.66
Western Gawler Craton Exploration Tenure	Exploration Area	51 & 100	7,443	2.35	3.25	4.10
Twin Peaks	Exploration Area	51 & 100	366	0.19	0.26	0.34
Lynas Find	Exploration Area	80 & 100	28	0.54	0.76	0.98
<b>Total</b>	<b>Various</b>	<b>Various</b>	<b>10,240</b>	<b>6.76</b>	<b>9.70</b>	<b>12.32</b>

*The valuation has been compiled to an appropriate level of precision and minor rounding errors may occur.*

#### 1.4.2 IronClad Valuation

IronClad's Wilcherry Hill project can be classified as a Predevelopment Project and Exploration Area mineral asset. Mineral Resources as defined by the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves - 2012 Edition (JORC Code 2012 Edition) have been reported at the Wilcherry Hill project (Section 7.6).

To derive appropriate value for the project Ravensgate reviewed the Mineral Resources, exploration data and prospectivity for the project. The preferred value thus determined for the project was based upon a review of the Mineral Resources and prospectivity of the project and the number and quality of exploration targets on the project as described in Section 7.5. To derive the valuations for the Mineral Resources, Ravensgate reviewed the resources and the values assigned reflect the confidence and grade of the Mineral Resources.

Ravensgate has concluded that IronClad's Australian projects are of merit (although at varying stages of exploration and subsequent mineral asset classification), and worthy of further exploration or development. A summary of IronClad's project valuation in respective ownership terms is provided in Table 2. The value of IronClad's projects is considered to lie in a range from \$6.68M to \$11.42M; within this range Ravensgate has selected a preferred value of \$9.21M. The valuation of the IronClad's project is outlined in detail in Section 8.6.



**Table 2 IronClad Technical Valuation in Ownership Equity Percentage Terms**

Project	Mineral Asset	Equity %	Area km <sup>2</sup>	Valuation		
				Low \$M	Preferred \$M	High \$M
Wilcherry Hill Iron Mineral Resources	Predevelopment Project	80		5.06	6.89	8.72
Wilcherry Hill Iron Exploration Tenure	Exploration Area	80	976	1.61	2.32	2.70
<b>Total</b>	<b>Various</b>	<b>80</b>	<b>976</b>	<b>6.68</b>	<b>9.21</b>	<b>11.42</b>

*The valuation has been compiled to an appropriate level of precision and minor rounding errors may occur.*



## 2. INTRODUCTION

The objective of this report is to firstly provide a Technical Project Review of the mineral assets of Trafford (Part 2) and IronClad (Part 3) in Australia. The second objective of this report is to provide a market valuation and technical assessment of these assets prepared in accordance with the guidelines of the VALMIN Code (Part 4). The work has been commissioned by BDO and Trafford. The Independent Expert's Report (IER) will be included in Trafford's Notice of Meeting.

This report does not provide a valuation of Trafford and IronClad as a whole, but only of their Australian mineral assets. This report does not make any comment on the fairness and reasonableness of any transaction between any two companies. The conclusions expressed in this Independent Technical Project Review and Independent Technical Valuation are valid as at the valuation date (21 January 2015). The review and valuation is therefore only valid for this date and may change with time in response to changes in economic, market, legal or political factors, in addition to ongoing exploration results. All monetary values included in this report are expressed in Australian dollars (A\$) unless otherwise stated.

This report has been prepared in accordance with the Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports (The VALMIN Code) as adopted by the Australasian Institute of Mining and Metallurgy (AusIMM) in April 2005. The report has also been prepared in accordance with ASIC Regulatory Guides 111 (Contents of Expert Reports) and 112 (Independence of Experts). The Technical Project Review and Independent Technical Valuation report has been compiled based on information available up to and including the valuation date of this report.

### 2.1 Terms of Reference

Corvidae Pty Ltd as trustee for the Ravensgate Unit Trust trading as Ravensgate (Ravensgate) has been commissioned by BDO and Trafford to provide an Independent Technical Project Review and Independent Technical Valuation on Trafford's and IronClad's Australian mineral assets.

This report has been prepared in accordance with the Code and Guidelines for Assessment and Valuation of Mineral Assets and Mineral Securities for Independent Expert Reports (The VALMIN Code) and the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves - 2012 Edition (JORC Code 2012 Edition).

### 2.2 Tenement Status Verification

Ravensgate has not independently verified the status of all the tenements that are referred to in this report as set out in Sections 3.2, 4.2, 5.2, 6.2 and 7.2 of this report. This is a matter for independent legal or tenement experts.

Trafford commissioned an independent review of their South Australian tenement status. Tenement specialist Teneman Consulting (Teneman) of Australia completed the review of the South Australian tenure and did not identify any material issues that would impact on Ravensgate's valuation. Ravensgate is satisfied, based on Teneman's review, that the tenements are in good standing and the values assigned to the tenements correctly reflect Trafford's and IronClad's ownership.

Trafford commissioned an independent review of their Western Australian tenement status. Tenement specialist McMahon Mining Title Services Pty Ltd (McMahon) of Australia completed the review of the Western Australian tenure and did not identify any material issues that would impact on Ravensgate's valuation. Ravensgate is satisfied, based on McMahon's review, that the tenements are in good standing and the values assigned to the tenements correctly reflect Trafford's ownership.

### 2.3 Site Investigation

Ravensgate did not carry out a site visit due to the short timeframe in which the report was to be prepared. Ravensgate is satisfied that there is sufficient current information available to allow an informed appraisal to be made. Ravensgate is of the opinion that no significant additional benefit would have been gained through a site visit to the project areas at this stage. A number of the Ravensgate personnel are familiar with the geology of the areas that these projects are situated



in. Ravensgate has concluded that the projects are of technical merit and are worthy of conducting further review and exploration.

## 2.4 Qualifications, Experience and Independence

Ravensgate is an internationally recognised and respected minerals industry consultancy that has been serving the industry with excellence since 1997. Ravensgate provides world class technical expertise to the mining and resource sector globally. The company has worked for major clients globally, such as Freeport at the Grasberg Mine, Ok Tedi Copper-Gold Mine in Papua New Guinea, Goldfields and Newmont in Ghana and many junior resource companies which are ASX (Australian Stock Exchange), TSX (Toronto Stock Exchange) or AIM (London Stock Exchange) listed. Ravensgate has focused upon providing resource estimations, valuations, independent technical documentation and has been involved in the preparation of Independent Reports for Canadian, Australian and United Kingdom companies.

**Author: Sam Ulrich, Principal Consultant, BSc (Hons) Geology, GDipAppFin, MAusIMM, MAIG, FFin.**

**Sam Ulrich** is a geologist with over 19 years' experience in near mine and regional mineral exploration, resource development and the management of exploration programs. He has worked in a variety of geological environments in Australia, Indonesia, Laos and China primarily in gold, base metals and uranium. Prior to joining Ravensgate Sam worked for Manhattan Corporation Ltd a uranium exploration and resource development company in a senior management position. Mr Ulrich holds the relevant qualifications and experience as well as professional associations required by the ASX, JORC and VALMIN Codes in Australia to qualify as a Competent Person as defined in the JORC Code. He is a Qualified Person under the rules and requirements of the Canadian Reporting Instrument NI43-101.

**Co-Author: Alan Hawkins, Principal Consultant, BSc (Hons) Geology, MSc Ore Deposit Geology, MAIG, FSEG.**

**Alan Hawkins** is a geologist with over 18 years' experience in near mine and regional mineral exploration, resource development and the management of exploration programs. He has worked in a variety of geological environments in Australia and Indonesia, primarily in gold and copper. Prior to joining Ravensgate, Alan worked for Newmont Mining Corporation as a Principal Geologist in their exploration, corporate and business development divisions, providing technical support, due diligence and rapid first-filter geological and economic analysis to M&A teams in the Asia Pacific region as well as US and African EBD teams. This role also included project and non-core asset divestments including commercial negotiations with junior exploration companies, stakeholders and land & legal teams.

Previous to this, Alan held various principal and senior regional exploration management roles in WA and NT. In the 1990's Alan worked as a near mine exploration geologist for Eagle Mining Corporation NL, Great Central Mines Ltd and Normandy Mining Ltd at the Jundee-Nimary Gold Mine and was part of the team that discovered the +2Moz Au Westside deposit, where he also worked as a resource modelling geologist before joining Newmont's regional exploration team. Alan holds the relevant qualifications and professional associations required by the ASX, JORC and VALMIN Codes in Australia to qualify as a Competent Person as defined in the JORC Code. He is a Qualified Person under the rules and requirements of the Canadian Reporting Instrument NI43-101.

**Co-Author: Neal Leggo, Principal Consultant, BSc (Hons) Geology, MAIG, MSEG**

**Neal Leggo** has over 28 years' experience in minerals geology including senior management, consulting, exploration, development, underground mining and open pit mining. He has extensive experience with a wide variety of commodities including gold, copper, iron ore, silver, lead and zinc, uranium and manganese across numerous geological terrains within the Asia-Pacific region.

Prior to joining Ravensgate, Neal worked for FMG leading a large field team undertaking fast-track exploration, delineation and feasibility study of a major new iron ore discovery in the Pilbara of





WA. Previous to this Neal was Exploration Manager at Crescent Gold where he led a successful exploration team and also managed feasibility study and development work on seven gold deposits in preparation for mining. At Hatch he undertook numerous geological consulting assignments including scoping, prefeasibility and review studies, geological audit and due diligence. At BHP he modelled mineral resources including the Cannington, Mt Whaleback and Yandi world-class deposits. Previous to this Neal worked 8 years in Mt Isa for MIM where roles included chief geologist for the Hilton underground lead zinc mine and exploration manager for Isa District. During the 1980s he worked as a field geologist across northern Australia on a wide variety of exploration projects and mines.

Neal offers extensive knowledge of available geological, geophysical, geochemical and exploration techniques and methodologies, combined with strong experience in feasibility study, development and mining of mineral deposits. Neal completed an Honours degree in Geology at the University of Queensland in 1980 and holds the relevant qualifications, experience and professional associations required by the ASX, JORC and VALMIN Codes in Australia. He is a Qualified Person under the rules and requirements of the Canadian Reporting Instrument NI43-101.

**Peer Reviewer:** Stephen Hyland, Principal Consultant and Director, BSc Geology, FAusIMM, CIM, GAA, MAICD.

**Stephen Hyland** has had extensive experience of over 25 years in exploration geology and resource modelling and has worked extensively within Australia as well as offshore in Africa, Eastern and Western Europe, Central and South East Asia, modelling base metals, gold, precious metals and industrial minerals including minerals sands, phosphate and potash. Stephen's extensive resource modelling experience commenced whilst working with Eagle Mining Corporation NL in the diverse and complex Yandal Gold Province where for three and half years he was their Principal Resource Geologist. The majority of his time there was spent developing the historically successful Nimray Mine. He also assisted the regional exploration group with preliminary resource assessment of Eagle's numerous exploration and mining leases. Since 1997, Stephen has been a full time consultant with the mining industry consulting firm Ravensgate where he is responsible for all geological modelling and reviews, mineral deposit evaluation, computational modelling, resource estimation, resource reporting for ASX / JORC and other regulatory compliance areas. Primarily, Stephen specialises in Geological and resource block modelling generally with the widely used MEDSystem / MineSight® 3D mine-evaluation and design software. Stephen Hyland holds the relevant qualifications and experience as well as professional associations required by the ASX, JORC and VALMIN Codes in Australia. He is a Qualified Person under the rules and requirements of the Canadian Reporting Instrument NI43-101.

## 2.5 Disclaimer

The authors of this report, and Ravensgate, have had no prior association with Trafford and IronClad in regard to the mineral assets and have no interest in the outcome of this technical assessment.

Ravensgate is independent of Trafford and IronClad, its directors, senior management and advisors and has no economic or beneficial interest (present or contingent) in any of the mineral assets being reported on. Ravensgate is remunerated for this report by way of a professional fee determined in accordance with a standard schedule of commercial rates, which is calculated based on time charges for review work carried out, and is not contingent on the outcome of this report. Fees arising from the preparation of this report are in the order of \$25,000 to \$29,000.

The relationship with Trafford and IronClad is solely one of professional association between client and independent consultant. None of the individuals employed or contracted by Ravensgate are officers, employees or proposed officers of Trafford or IronClad or any group, holding or associated companies of Trafford or IronClad.

The report has been prepared in compliance with the Corporations Act and ASIC Regulatory Guides 111 and 112 with respect to Ravensgate's independence as experts. Ravensgate regards RG112.31 to be in compliance whereby there are no business or professional relationships or interests which would affect the expert's ability to present an unbiased opinion within this report.



This report has been compiled based on information available up to and including the valuation date. The statements and opinions are based on the reference date of 21 January 2015 and could alter over time depending on exploration results, mineral prices and other relevant market factors.

## **2.6 Consent**

Ravensgate consents to this report being distributed, in full, in the form and context in which the technical assessment is provided, for the purpose for which this report was commissioned. Ravensgate provides its consent on the understanding that the assessment expressed in the individual sections of this report will be considered with, and not independently of, the information set out in full in this report.

## **2.7 Principal Sources of Information**

The principal sources of information used to compile this report comprise technical reports and data variously compiled by Trafford and IronClad and their partners or consultants, publically available information such as ASX releases, government reports and discussions with Trafford's and IronClad's technical and corporate management personnel. With the consent of Trafford and IronClad, the report sections describing the geology, historical exploration and current exploration have been reproduced from their reports. A listing of the principal sources of information is included in the references attached to this report.

Ravensgate has endeavoured, by making all reasonable enquiries, to confirm the authenticity, accuracy and completeness of the technical data upon which this report is based. A final draft of this report was also provided to Trafford and IronClad prior to finalisation by Ravensgate, requesting that Trafford and IronClad identify any material errors or omissions prior to its final submission. Ravensgate does not accept responsibility for any errors or omissions in the data and information upon which the opinions and conclusions in this report are based, and does not accept any consequential liability arising from commercial decisions or actions resulting from errors or omissions in that data or information.

## **2.8 Competent Persons Statement**

The information in this report to which this statement is attached relates to Exploration Results (Sections 3.5, 4.5, 5.5 and 6.5) is based on information compiled by Mark Le Grange, who is a Member of The Australasian Institute of Mining and Metallurgy (AusIMM) and who has more than five years' experience in the field of activity being reported on and is the Exploration Director of Trafford. Mr. Le Grange has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (JORC Code 2012 Edition). Mr. Le Grange consents to the inclusion in the report the matters based on his information and in the form and context in which it appears.

The information in this report to which this statement is attached relates to Exploration Results (Section 7.5) and Mineral Resources (Sections 4.6 and 7.6) is based on information compiled by Rindra Le Grange, who is a Member of The Australasian Institute of Mining and Metallurgy (AusIMM) and who has more than five years' experience in the field of activity being reported on and is the Senior Resource Geologist of Trafford. Ms. Le Grange has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (JORC Code 2012 Edition). Ms. Le Grange consents to the inclusion in the report the matters based on her information in the form and the context in which it appears.



## 2.9 Background Information

The key projects discussed in this report are located in Australia within the states of South Australia and Western Australia. A locality map of the projects is presented in Figure 1. A summary of Trafford's project tenement details are listed in Sections 3.2, 4.2, 5.2 and 6.2. A summary of IronClad's project tenement details are listed in Section 7.2. Report file references and a glossary of terms are also included at the end of this report. Ravensgate understands that the tenements held by Trafford and IronClad are held in good standing. A brief overview of Trafford's projects are outlined in Sections 3, 4, 5 and 6, with IronClad's project outlined in Section 7. The Independent Valuation of Trafford's and IronClad's projects are outlined in Section 8.

*Figure 1 Trafford and IronClad Project Locations*



## PART 2: TRAFFORD TECHNICAL PROJECT REVIEW

### 3. WILCHERRY HILL PROJECT

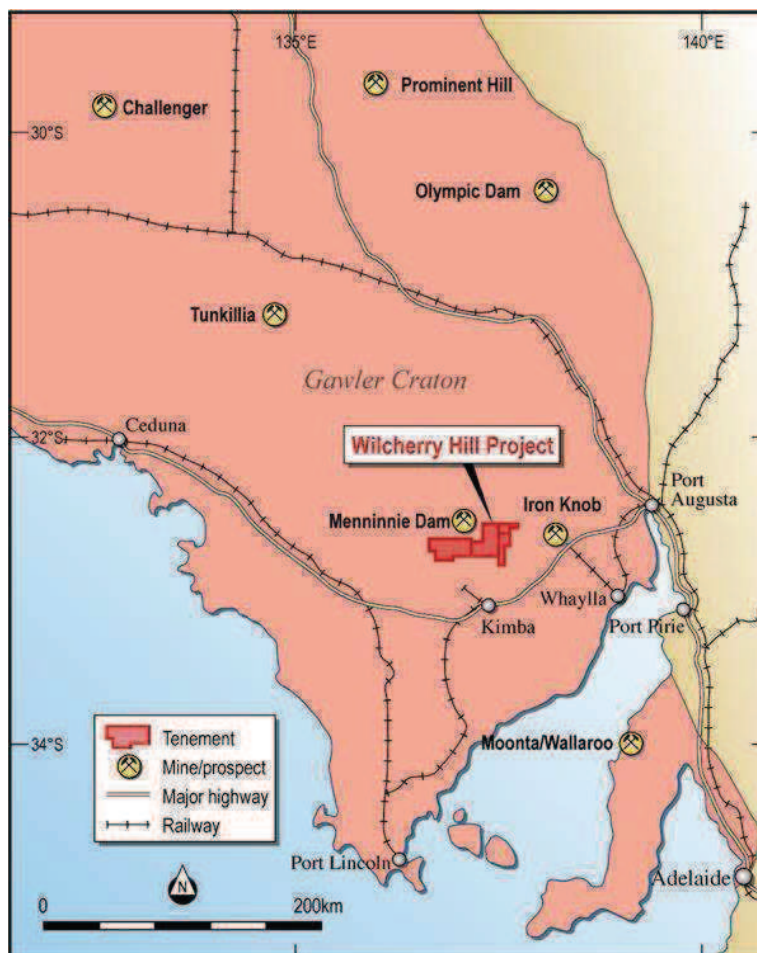
#### 3.1 Introduction

The Wilcherry Hill project has been explored by a number of companies for uranium, lead, zinc, copper, gold and silver since 1970. Trafford acquired the Wilcherry Hill Project in 2006 after listing on the ASX. Trafford is currently in a joint venture with IronClad in which IronClad has the rights to iron only on four of the nine tenements in the Wilcherry Hill tenement package.

#### 3.1.1 Project Location

The Wilcherry Hill Project is located in South Australia ~300km to the northwest of Adelaide and ~30km north of the township of Kimba, a rural service town on the Eyre Highway at the top of the Eyre Peninsula and ~130km to the northwest from the steel making town of Whyalla (Figure 2). The Kimba region is characterised by hot summers and relies on cool winter rainfall (annual rainfall is ~350mm) for cereal agriculture. The tenements lie in an area of natural bush which is confined to low density sheep grazing on the station holdings of Nonning and Buckleboo.

Figure 2 Wilcherry Hill Project Location



#### 3.1.2 Access

Access into the Project area is gained via the sealed Eyre Highway (National Highway 1) which passes through Kimba and then via graded service roads and pastoral station tracks.



### 3.1.3 Supporting Infrastructure

The proximity of rail and road to the project is shown in Figure 2. Infrastructure in the project area is sparse, other than that which is located at local station holdings. According to the 2006 census, the closest township of Kimba had a population of 636. Accommodation, banking and shopping facilities are available at Kimba, which is now the site of one of South Australia's largest inland grain terminals. Whyalla, to the southwest of the project is South Australia's third most populous city, with a port that has been exporting iron ore since the early 1900's. The Lucky Bay Port is ~150km by road to the southeast (refer to section 7.1.3).

### 3.1.4 Geopolitical Environment

Australia is a politically stable, liberal democracy. According to Control Risks Group Limited on the Intierra / SNL Metals and Mining website, Political risk, Security risk and Terrorism risk ratings are all categorised as low risk, with Operational risk rating categorised as insignificant risk.

## 3.2 Ownership and Tenure

Tenement details are given in Table 3 below and shown spatially in Figure 3.

*Table 3 Wilcherry Project Tenement Details*

Exploration Licence	Area (km <sup>2</sup> )	Grant Date	Expiry Date	Tenement Name	Tenement Holder	Trafford Interest
5470	66	29/07/14	28/07/2016	Valley Dam	Trafford Resources	100%
5299	387	01/07/13	30/06/2015	Wilcherry Hill	Trafford Resources	100%
5164*	115	13/11/12	12/11/2014	Eurilla Dam	Trafford Resources	100%
4421*	408	12/01/10	20/01/2015	Peterlumbo	Trafford Resources	100%
4443***	104	15/03/10	14/03/15	Mt Double North	Trafford Resources	100%
4748	98	10/06/11	9/06/2015	Mount Miccollo	Trafford Resources	100%
4870**	130	11/05/12	10/05/2016	Pinkawillinie	Trafford Resources	100%
4945	716	29/06/12	28/06/2016	Reid Lookout	Trafford Resources	100%
4946	379	29/06/12	28/06/2017	Siam	Trafford Resources	100%
ML6390	40.25	14/10/2011	13/10/2017	Wilcherry Hill Fe Project	IronClad Mining Ltd	20%

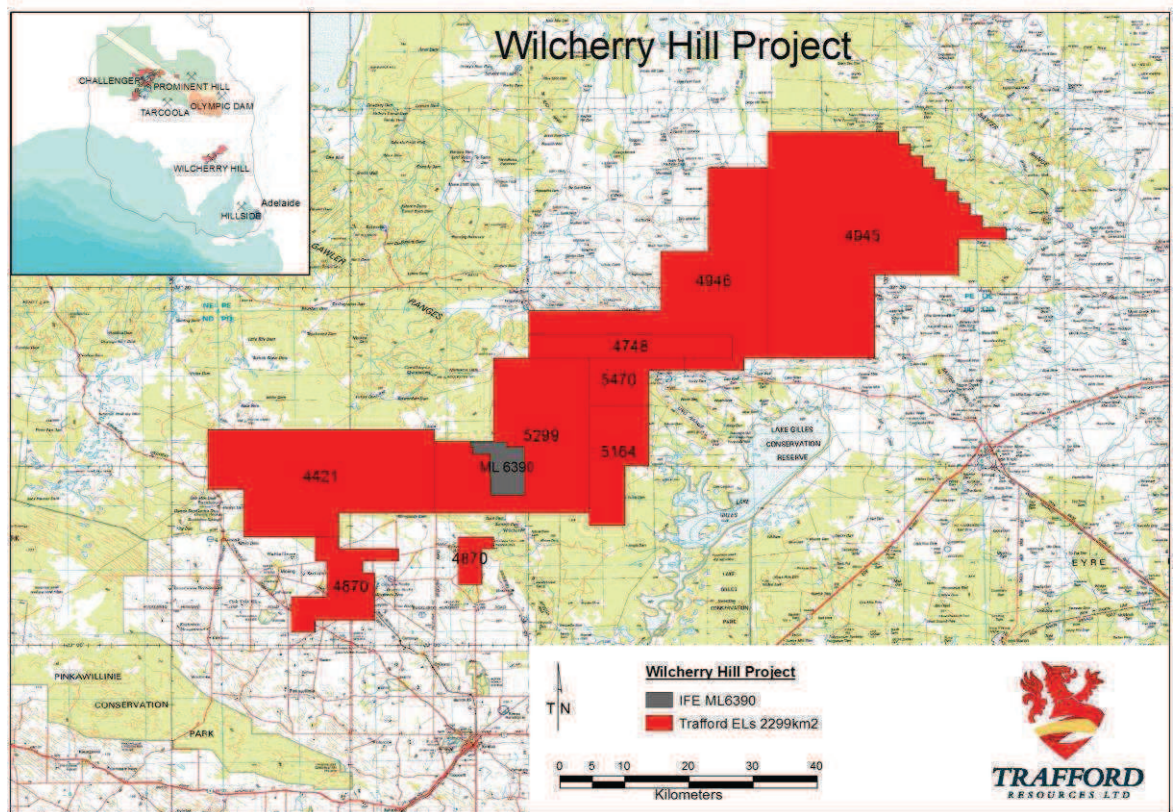
*\*Currently under renewal*

*\*\*To be reduced by 20km<sup>2</sup>*

*\*\*\* To be surrendered - Refer to Figure 6 for tenement location*



Figure 3 Wilcherry Hill Project Granted Tenement Locations Showing ML6390



### 3.2.1 Project Ownership and Relevant Interests

The Wilcherry Hill Project exploration licence tenements are 100% owned by Trafford. ML6390 is 80% owned by IronClad and 20% owned by Trafford. Trafford has a 27.6% shareholding in IronClad.

### 3.2.2 Agreements

#### 3.2.2.1 Wilcherry Hill Iron Project Joint Venture

On the 18 April 2007, Trafford announced their intention to seek public listing for a new iron ore company (IronClad) to develop the Wilcherry Hill crystalline magnetite iron deposit. IronClad entered into a Joint Venture (JV) agreement with Trafford on 21 May 2007.

- IronClad are entitled to a right to earn up to an 80% beneficial interest in the iron extracted from tenements subject to the JV.
- Upon execution of the JV, IronClad has a 50% beneficial interest and undertakes to expend \$7,500,000 over the period of eighteen months.
- IronClad may earn a further 30% interest in the project by expending \$2,500,000 over the exploration work during a period of 2 years.
- Trafford shall have a free carried interest in the project from the commencement date until production of the extracted minerals commences and IronClad becomes responsible for the payment of the consultancy fee of a total of \$2,000,000 over the period of one year to Trafford.

IronClad listed on the ASX on 11 July 2007.

#### 3.2.2.2 Manganese Joint Venture

Trafford signed a formal JV agreement with IronClad on 6 December 2013 whereby IronClad has the right to earn an 80% interest in all manganese over the Wilcherry Hill Project area (EL5299 -



Wilcherry Hill, EL4286 - Valley Dam, EL4421 - Peterlumbo and EL5164 - Eurilla Dam). The terms of the agreement include:

- IronClad to complete 4,000m of RC drilling within 12 months of the JV agreement being signed.
- IronClad to pay the Company \$250,000 in cash.
- IronClad can earn 50% in the project tenements by spending \$1 million over 12 months from the date of the agreement.
- IronClad has the right to earn an additional 30% in the project by spending an additional \$2 million over an additional 2 years.
- IronClad will be the manager of the JV.
- Upon earning an 80% interest, Trafford's remaining 20% interest will be free carried up to a decision to mine; at which point if Trafford elects not to contribute, its interest will dilute according to an industry standard formula, to a minimum of 10% before converting to a 2% gross revenue royalty.
- On signing of the JV agreement, both parties will form an exploration committee that will agree upon exploration and development programs during the earn-in period.

Subsequent to the signing of the agreement, both parties agreed to extend the earn-in period by an additional year.

### 3.2.3 Royalties and Taxes

A royalty agreement applies to the tenements of EL5299 (Wilcherry Hill), EL4421 (Perterlumbo), EL5470 (Valley Dam) and 5164 (Eurilla Dam). The royalty is payable to Aquila Resources Limited in an agreement dated 18 September 2006, whereby a royalty of 2% of the Net Smelter Return from precious metals (Au, Ag and Pt) and other minerals (all minerals and metals recovered in economically valuable quantities), will be paid on a quarterly basis.

## 3.3 History

### 3.3.1 Ownership History

Ownership history is detailed below in Section 3.3.2 and Table 4.

### 3.3.2 Exploration History

Tenements in the Wilcherry Project Area have been explored since the 1970's principally for uranium and Broken Hill style exhalative base metals associated with the Palaeoproterozoic Hutchison Group metasedimentary unit. This resulted in the discovery of the Menninnie Dam and Telephone Dam Pb-Zn-Ag ore bodies. These base metal deposits occur within calc-silicates, marbles and BIF's of the Middleback Subgroup and were considered to be syn-Kimban remobilised stratiform deposits. More recent research by later explorers has concluded that mineralisation was contemporaneous with intrusive rhyolites of identical age to the Gawler Range Volcanics. The BIF sequences of the Hutchison Group also include high grade hematite ore of the Middleback Ranges.



**Table 4** *Wilcherry Hill Project: Exploration History*

<i>Date</i>	<i>Company</i>	<i>Findings</i>
1970-1980	Pan Continental, Marumba, Asarco	Carried out exploration specifically for uranium within and near the Wilcherry Hill project area.
1980-1988	Shell/WMC JV	The original license was granted as EL719 to the Shell Company of Australia in 1980 in which a JV with WMC was negotiated. In 1988, WMC withdrew from the JV and the licence was granted to Shell as EL1464. Exploration was carried out for Pb, Zn, U, Au and Ag.
1988-1997	Shell/Aberfoyle JV	Aberfoyle managed of the project and explored for stratiform lead and zinc. The licence was granted to joint venture parties in 1993 as EL1825.
1997-1998	Acacia/Aberfoyle	Following the float of Shell Australia's Metals Division as Acacia Resources (Acacia) on the ASX, Shell's equity in the licence was transferred to Acacia. EL2508 was granted to Acacia and Aberfoyle in 1998; however, management of exploration was given to Acacia, whom began exploring for Cu and Au.
1998-1999	Acacia/Western Metals Resources	In October 1998, Western Metals Resources (WMR) assumed control of Aberfoyle.
1999-2002	Anglogold Australasia / Western Metals Resources	Acacia was taken over by AngloGold Australasia. Consequently, in 2001, WMR were granted an exclusive portion of EL2508, which contained the Menninnie Dam lead, zinc and silver prospect, whilst AngloGold maintained the remainder of EL2508. Acacia identified a strong gold in calcrete anomaly at the Weednanna Prospect (EL 4162) which was coincident with a strong magnetic anomaly (magnetite). Successive drilling campaigns identified gold mineralisation associated with skarn alteration and brecciation in the contact aureole of the adjacent granite. Copper mineralisation was subsequently discovered at the nearby prospect of Mawson but the main focus of exploration remained principally on gold investigations located on magnetic anomalies that had coincident gold in calcrete responses.
2002-2006	Aquila	In 2002 Aquila acquired EL2508 along with nearby tenements which now comprise the Wilcherry Hill Project. An application to renew the license was made in 2003, with the new license being granted as EL3095. Trafford acquired the Wilcherry Hill Project following listing on the ASX in 2006.

In addition to the ownership and exploration history presented in Table 4, the Peterlumbo project area was explored between 1980 and 1989 by Stockdale, Shell, Billiton and WMC for diamonds, lead, zinc and uranium; with the Valley Dam and Eurilla Dam project areas being explored by Esso, Otto Exploration, Pegmin, Aberfoyle, Nede Pty and Kokong Holdings for lead and zinc (+/- uranium), between 1980 and 1997. From 1997 to 2001, Minotaur (with Aurora, from 1998 to 1999) explored for copper and gold between 1997 and 2001.

### 3.3.3 Previous Mineral Resource Estimates

Refer to section 7.3.3.

### 3.3.4 Previous Production

Other than various small scale reports of historic workings, such as at Golden Gate, ~10km north of Weednanna on EL5299, where six shallow pits (1.5m deep x 2m diameter) were found and believed to be old workings for gold in a lateritic capping, developed over a biotite schist; there has been no previous commercial production at the project.



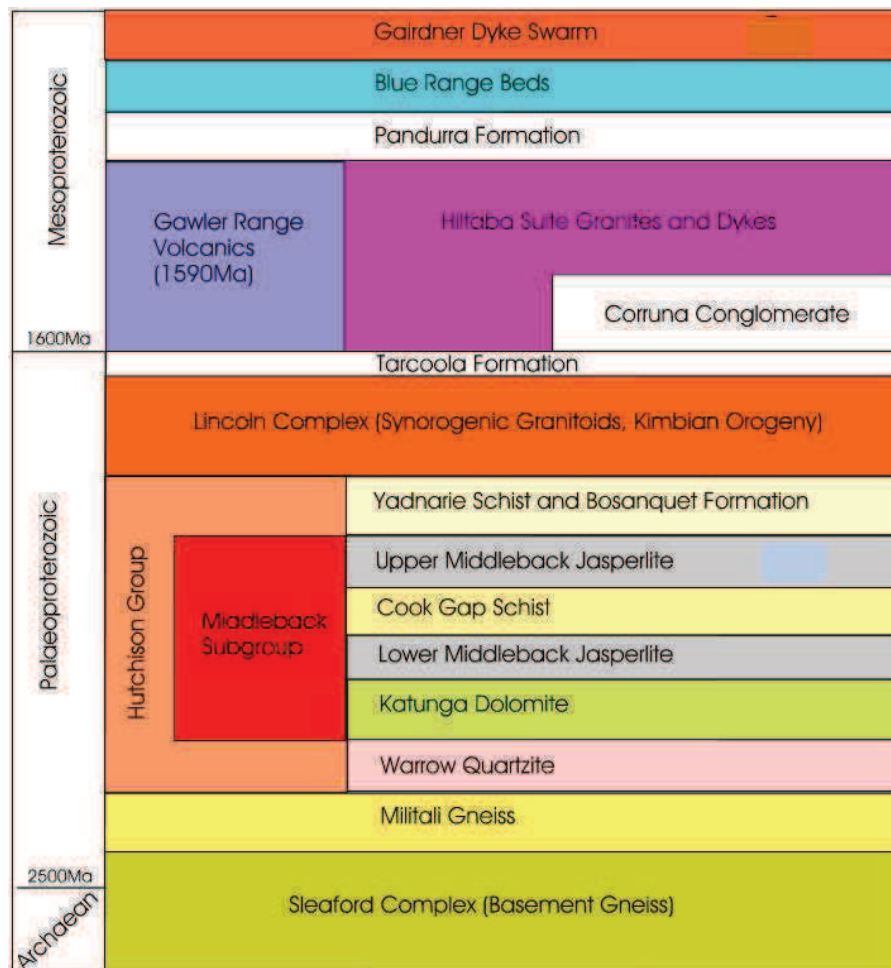


### 3.4 Geological Setting

#### 3.4.1 Regional Geology and Mineralisation

The Project area is situated in the northern Eyre Peninsula, in the south-eastern part of the Gawler Craton, which is an ancient crystalline shield, comprising Archaean to Mesoproterozoic age metasedimentary units, volcanics and granites. The region has undergone multiple events of tectonic deformation, granite intrusion and metamorphism. Regional geological and tectonic synthesis shows the tenement area to be in the Cleve Domain of the Gawler Craton based on its structural, metamorphic and stratigraphic characteristics. The stratigraphic column for the northern Eyre Peninsula is shown in Figure 4.

Figure 4 Stratigraphic Column of the Northern Eyre Peninsula (true thickness not shown)



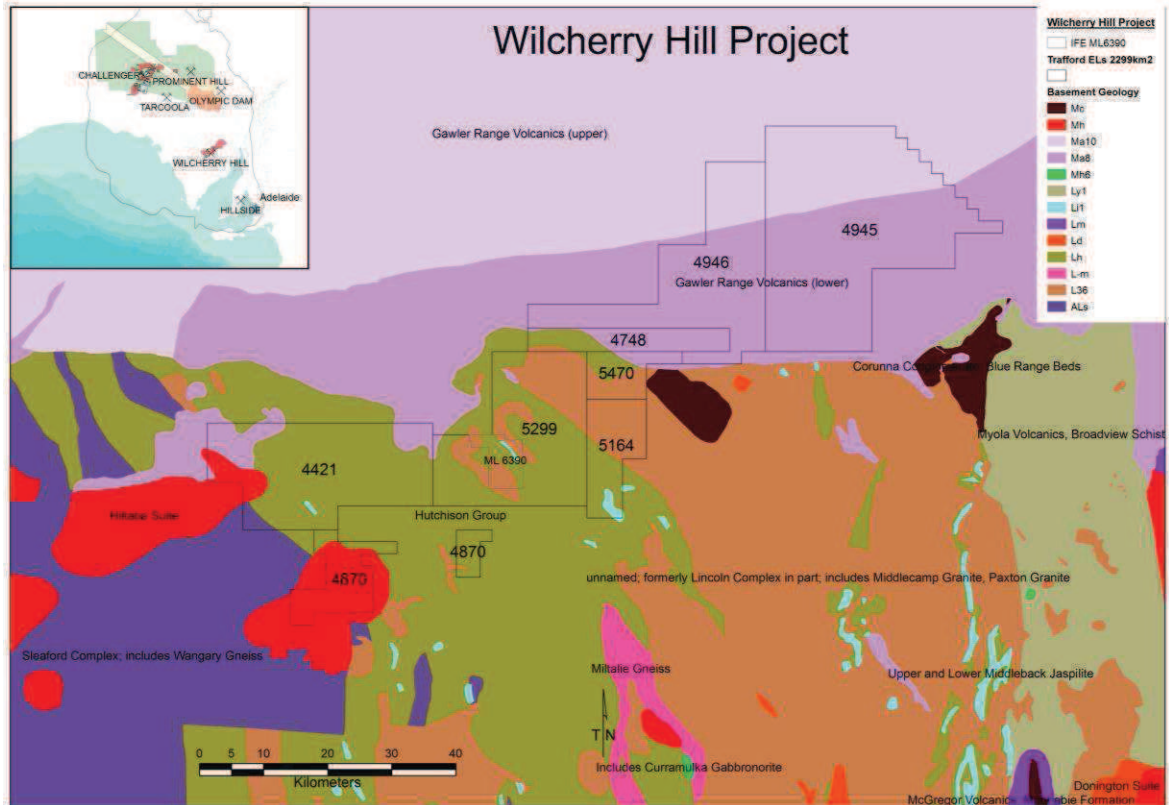
#### 3.4.2 Project Geology

The project area is dominated by metasedimentary units of the Palaeoproterozoic Hutchison Group which unconformably overlies the early Palaeoproterozoic Miltalie Gneiss and Archaean granulites and gneisses of the Sleaford Complex (Figure 4, Figure 5). The Hutchison Group consists of metamorphosed clastic marine sedimentary units, iron formations, carbonates and mafic volcanics. Deformation and metamorphism occurred during the Kimban Orogeny (1,850-1,700 Ma) and was accompanied by the syntectonic intrusion of the Moody Suite granites. This orogeny has produced a northwest trending igneous - metamorphic complex of metasedimentary rocks, amphibolite, schist, gneiss and granite. Palaeoproterozoic units are overlain by the younger Gawler Range Volcanics and are intruded by the contemporaneous Hiltaba Suite Granites. The Hiltaba Suite/Gawler Range magmatic event (1,595-1,575 Ma) represents a major Mesoproterozoic



tectonic/tectonothermal event which affected much of the Gawler Craton; it is this event which is believed to have been responsible for widespread gold, uranium and base metal mineralisation. Widespread surficial cover obscures much of the bedrock whilst weathering has produced a regolith of kaolinised saprolite to an average depth of between 40 - 100m. The ground water is saline and there is strong geochemical depletion in the regolith throughout the area. Pedogenic calcrete is well developed in the soils and upper regolith.

**Figure 5 Wilcherry Hill Project Showing Interpreted Basement Geology**



### 3.4.3 Controls on Mineralisation

Brecciation, fracturing and alteration accompanied the intrusion of the Hiltaba Suite granites into the older Palaeoproterozoic metasedimentary units and granites. This is considered to be the cause of the major gold and gold-copper-uranium-iron mineralising event in the Gawler Craton. The central Gawler Craton hosts Kingsgate's Challenger gold mine and other significant gold deposits and prospects located at Tarcoola, Glenloth, Tunkillia and Barns. The granites emplacement appears to have been structurally controlled by northwest and later cross-cutting northeast trending fracture sets, both of which can be seen in aeromagnetic imaging. The granite which is believed to be underlying the Peterlumbo tenement has a northeast orientation from a plan view. These two main structure sets can be seen at Weednanna where the main skarn body has been dislocated, suggesting reactivation of these faults has occurred post and/or syn-mineralisation; therefore they are important aspects to consider for mineralisation pathways at Weednanna. With regard to the tin mineralisation at the Zealous prospect, references have been noted that the mineralising source of tin prospects in South Australia are the Hiltaba Suite Granites.

Weak magnetic signatures over much of the Wilcherry Hill tenement EL5299 and in the southeast corner of EL4421 suggest underlying granitic bodies are present at relatively shallow depths; a magnetic alteration imprint developed from fluid and thermal interaction with the surrounding country rock. The lack of a gravity signature in these areas supports this theory. A geochemical



analysis of nearby Hiltaba Suite Granites shows a geochemical correlation with these granites located at Wilcherry Hill, allowing for the possibility that the fluids that drove substantial mineralisation at Olympic Dam, and elsewhere on the Gawler Craton, may have played a major part in the mineralisation found at Wilcherry Hill.

Gold within the magnetite skarn is directly associated with concentrations of sulphides in magnetite breccias and also within magnetite deficient calc-silicates in close proximity to the magnetite lenses. Along the magnetic anomaly, this mineralisation can be traced for over 900m and occurs as a zone of retrograde alteration and sulphide deposition.

Gold appears within the following rock types:

- calc-silicate;
- crystalline magnetite;
- weathered magnetite (goethite-hematite);
- gneiss (lower grade);
- the main shear zone at Weednanna; and
- discrete shear zones within all lithologies.

It is not clear if the gold within the magnetite was part of the same mineralising event; however, the fact that the gold is located throughout almost all lithologies indicates that the gold mineralisation is likely to have occurred in a later event completely distinct from the magnetite-forming event. Current thinking is that the gold mineralisation is structurally controlled, and located along discrete fractures and shears that are not necessarily visible in reverse circulation chips (e.g. small isolated shears in all lithologies post main magmatic event).

### **3.5 Exploration Results and Potential**

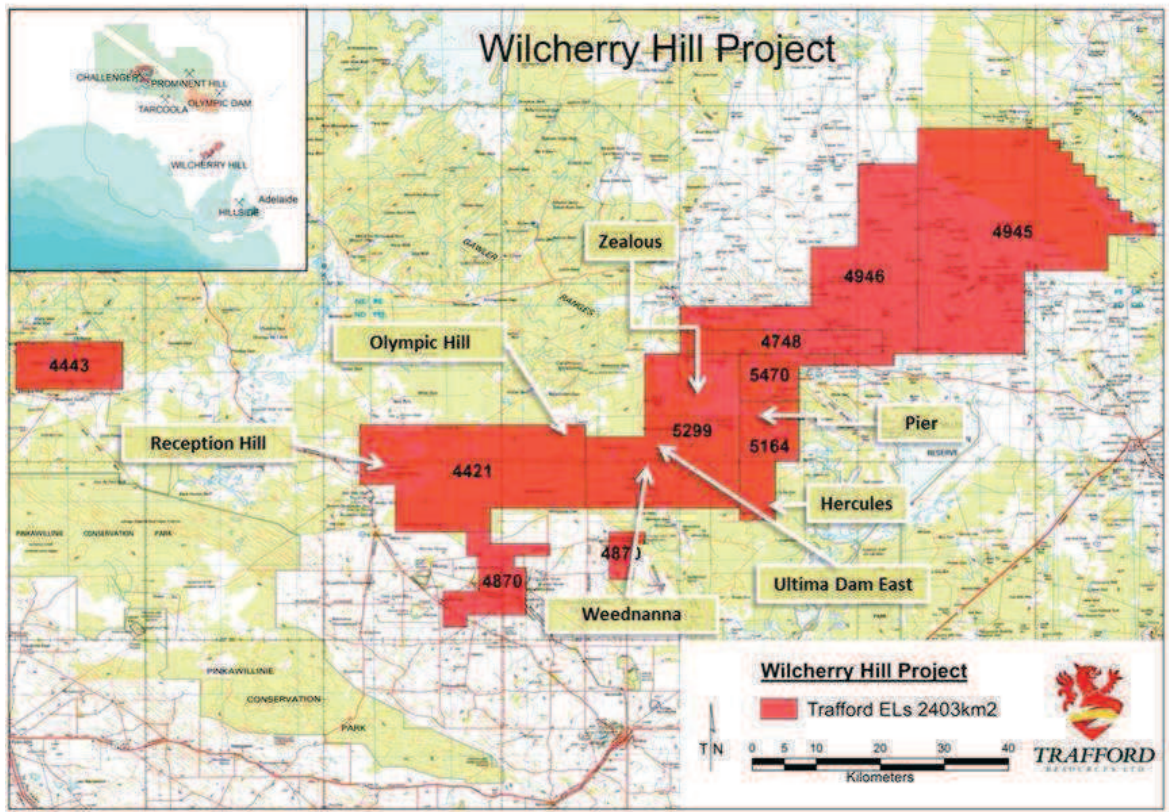
The field activities in the Wilcherry Hill Project have been well documented by Trafford since commencing the project through ASX releases and detailed quarterly and annual activities reports.

#### **3.5.1 Recent Exploration Activities**

Key project locations are shown below in Figure 6.



Figure 6 Wilcherry Hill Project Showing Key project Locations



### 3.5.1.1 Zealous Prospect (EL5299)

Zealous was initially targeted by IronClad in late 2012 as a potential target for high grade iron ore to add to the Wilcherry Hill DSO potential. Results were mixed from an iron ore point of view however QA/QC tests resulted in the identification of high grade tin, returning 7m @ 3.16% Sn, from 52m. Zealous has been a main focus of Trafford's exploration at Wilcherry Hill in 2013 and 2014 as a tin, base metal and uranium target and returned an intersection of 12.3m @ 1.10 % Sn from 119m in drill hole 13ZLDH001 including 1.3m @ 4.8% Sn, down dip from the initial intersection. Re-assaying has since begun at the Weednanna Prospect for Sn, with highlights including 2m @ 1.06% Sn from 56m, 2m @ 1.07% Sn from 104m, 30m @ 0.22% Sn from 54m, 44m @ 0.19% Sn from 50m, 20m @ 0.28% Sn from 2m and 3m @ 0.62% Sn from 13m.

### 3.5.1.2 Weednanna Prospect (EL5299)

Exceptional gold intersections of 36m @ 5.71g/t Au from 52m, including 12m @ 11.37g/t Au from 68m, from drill hole 06WDR007 and 32m @ 3.44 g/t Au from 56m from hole 06WDR002 were intersected at the Weednanna Prospect.

Because of the uncharacteristically wide intersection seen in drill hole 06WDR002, 06WDR007 was drilled as a scissor hole. It was collared 75m to the west of drill hole 06WDR002 and drilled in the opposite direction. The intersections in holes 06WDR002 and 06WDR007 are the largest gold intercepts seen to date at the Weednanna Prospect.

Significant results from the above drilling at the Weednanna prospect included an 8m wide gold horizon (8m @ 2.2 g/t Au from 100m) encountered in hole 06WDR023.

The best intercepts from the 2009 drilling included 18m @ 62.2% Fe from 26 - 44m in drill hole 09WDR016 and 10m @ 64.4% Fe from 36 - 46m in drill hole 09WDR004.

2012 significant results were a zone of 93m @ 1.59g/t Au containing a high grade intersect of 22m @ 5.25g/t Au in diamond hole 12WDDH001.



### **3.5.1.3 Weednanna North Prospect (EL5299)**

Targeting both near surface weathered magnetite-goethite as well as the deeper extensions of the magnetite bodies, 67 RC holes were drilled over six magnetic targets for a total of 8,257m in 2008. A PQ-sized diamond hole, 08WNDH001 was drilled in the best of the six magnetic anomalies to a depth of 195.9m.

Impressive iron grades were returned in many of the holes drilled through these previously untested anomalies. In particular, Pod 2 (637000E, 6374250N) included many thick intersections of high grade magnetite.

A total of six holes were drilled in 2009, with the best intercept being 20m @ 50.7% Fe from 6 - 26m, including 8m @ 55.7 from 6 - 14m in drill hole 09WNRC002.

### **3.5.1.4 Stuart Prospect (EL5299)**

No significant assay results were returned from the 2006 Stuart Prospect drilling. Significant results in 2008 drilling include 2m @ 1.22% Zn, 0.26% Pb, 0.30% Mn and 4.46% Fe in drill hole 08STRC007. In addition, drill hole 08STRC008 intersected 2m @ 1.02% Zn, 0.15% Pb, 1.01% Mn and 27.5% Fe and 6m @ 0.15% Zn, 1.83% Pb, 2.95% Mn, 73ppm U and 14.91% Fe.

### **3.5.1.5 Golden Gate Prospect (EL5299)**

2007 RC hole 07GGRC001 intersected 20m @ 87.5ppm U from 52m. This hole was abandoned at 72m hence the depth extent of the mineralisation remains unknown.

Subsequent holes were drilled 50m to the east, north and south of 07GGRC001 - holes 07GGRC002, 07GGRC003, and 07GGRC004 respectively. The preliminary results indicate that the mineralised zone currently extends at least 150m in a north/south direction and 200m in an east - west direction. The mineralisation therefore remains open in all directions as well as at depth.

Of seven holes drilled in 2008, several intersected magnetite skarn mineralisation, with the best intersections being 08GGRC004 (14m @ 25.1% Fe) and 08GGRC005 (12m @ 16.5% Fe).

Two RC holes were drilled into the Golden Gate anomaly in 2009. The best intercept at Golden Gate from that year was 16m @ 26.2% Fe from 134 - 150m in drill hole 09GGRC001.

### **3.5.1.6 Ultima Dam Prospect (EL5299)**

A 4m composite sample results derived from Trafford's 2007 drilling program confirmed the original zone of weak uranium anomalism. The better results occur in holes 07UDRC002, 005 and 009.

### **3.5.1.7 Ultima Dam East Prospect (EL5299)**

Drilling commenced at Ultima Dam East (UDE) in July/August of 2007, with a total of 60 RC and three diamond holes drilled during that year. A further 52 RC holes were added during 2008, for a grand total of 10,216m of RC drilling and 175.3m of diamond core.

### **3.5.1.8 Ultima Dam West Prospect (EL5299)**

Magnetite skarn mineralisation was intersected in 9 out of the 10 holes drilled by IronClad in 2008, with the best results coming from 08UWRC003, with an intersection of 133m @ 29.6% Fe, including 14m @ 47.3% Fe.

Thick bands of magnetite material was intersected in 2009 drilling, such as in hole 09UWRC007 which intersected 32m @ 39.4 % Fe from 0 - 32m, including 6m @ 52.6 % Fe and 6m @ 54.4% Fe from 92 - 98m. In addition, drill hole 09UWRC006 intersected 24m @ 49.8% Fe from 0 - 24m and 10m @ 50.6% Fe from 86 - 96m.

### **3.5.1.9 Telephone Dam Prospect (EL5299)**

RC drill hole 08TDRC001 intersected 8m @ 4.81% Pb, 0.32% Zn, 92ppm Ag, 11.7% Mn and 250ppm U from 12m including a follow-up assay of 1m @ 3.01% Pb, 0.62% Zn, 40 g/t Ag, 27.2% Mn and 900ppm U. Results from diamond tails include 2.67m @ 4.33% Pb, 0.29% Zn, 88 g/t Ag, 7.01% Mn and 73ppm U.



Drill holes 08TDRC002, 003 and 004 were drilled along line 6382600N 250m to the northwest of 08TDRC001, however, these holes did not reach depth due to excessive water and the shanking of a bit.

Drill holes 08TDRC005 and 08TDRC006 were drilled along line 6382300N, 50m northwest of 08TDRC001. 4m composite samples from holes 005 and 006 yielded lower Pb, Zn and Ag results as compared to drill hole 001.

In 2009, the best intersection of lead/zinc mineralisation occurred in drill hole 09TDRC008, with 92m @ 2.18 % Pb/Zn from 60m, including 1m @ 51.4 % Pb/Zn from 137 - 138m. The most significant silver results were associated with this 1m zone, returning 750ppm Ag. Significant manganese results included that of hole 09TDRC003, including 1m @ 10.8% from 15 - 16m.

In 2011, the best intersection of lead/zinc/silver mineralisation occurred in hole 11TDRC009 which intercepted 12m @ 6.53% Pb/Zn and 93 g/t silver from 158m (including 2m @ 24.65% Pb/Zn and 392.5g/t silver from 158m).

#### **3.5.1.10 Mawson Prospect (EL5299)**

Four metre composite results revealed a slight gold anomalism, including 4m @ 2.92 g/t Au and 16m @ 1.10 g/t Au in drill hole 08MAW008. Other anomalous results were found in drill hole 08MAW003, which recorded 4m @ 1.39 g/t Au.

Follow up assays were issued for Molybdenum after molybdenite was observed in various drill chip samples during the drill program. Holes 08MAW001, 003, 006 and 008 all contained anomalous Molybdenum results, including 4m @ 0.17% grade Mo from 176m in drill hole 08MAW006.

Significant 1m results include 2m @ 2,015 ppm Mo, 3m @ 0.95 g/t Au, 3m @ 1.22 g/t Au and 1m @ 11,700 ppm Mo in holes 08MAW001, 003, 005 and 006, respectively. Drill hole 08MAW008 yielded 13m @ 1.25 g/t Au along with 5m @ 2.46g/t Au.

#### **3.5.1.11 Temaraire Prospect (EL5299)**

From eight RC holes drilled at Temaraire in 2008, several intersected magnetite skarn mineralisation. The best results included 08TMRC004 (8m @ 18.7% Fe) and 08TMRC005 (9m @ 30.8% Fe).

#### **3.5.1.12 Hercules Prospect (EL5164)**

Ironstone Hills was selected for grab sampling because it overlies a double magnetic/gravity anomaly. Surface outcrop is composed mainly of BIF. Two samples were taken during reconnaissance field trip in February 2007. These yielded Fe of 31% (sample IH001) and 40% (sample IH002). Of 33 samples taken during 2007, 22 yielded Fe results between 15% and 59%. One sample contained 32% manganese.

Preliminary mapping carried out during sampling shows that the outcrop appears to be a recumbent syncline with a central sub-vertical core of BIF. A fault runs east-west through the area.

A total of 64 RC holes were drilled at Hercules in 2008, for a total of 8,927.5m. One diamond hole was drilled, for a total of 281.1m. A JORC (2004) compliant Inferred Resource of 193.94 million tonnes at a head grade of 27.11% Fe was reported in 2008.

Four samples were taken from sub-cropping ironstone at Kim's Anomaly (KYM001 - 004) in 2011. Samples assayed up to 55.6% Fe, extending the strike of Hercules several kilometres to the North.

#### **3.5.1.13 Pier Dam Prospect (EL5164)**

Trafford obtained MGA co-ordinates for the local Pier grid and sampled outcrops to verify high (>20% Mn) historical results in 2007.

Of six BIF samples taken within the Pier Dam Prospect area in 2007, four returned Mn results >20%.

Five samples were taken along outcropping manganese ironstone at the Pier Prospect in 2011 (NPI001, NPI003, NPI004 - 005, NPI007), returning up to 31.4% Mn.

351 soil samples were taken in 2012 at the Pier Prospect on a 400x400m grid. Samples were analysed using Genalysis' Terraleach technique. Assayed elements were Au, Ag, As, Bi, Cu, Pb, Zn, Mn, Ba, Cd, Co, Sn, W, Fe, Mo, U, Ce, La, Sc, Sm and Y.



#### **3.5.1.14 Quartz Ridge Prospect (EL5164)**

In 2011, 20 samples were taken along an outcropping quartz vein within BIF (11EDSS001 - 020).

#### **3.5.1.15 Reddon Dam Prospect (EL5470)**

In 2007 Trafford located historical drill holes and updated the co-ordinates of these holes to modern GPS systems for the Mitchell Prospect grid.

Grab samples were taken within an area reported to have surface BIF outcrop containing 1.24 g/t Au (Aurora Gold Report 1998 - 1999). These results were not verified.

#### **3.5.1.16 Death Adder Prospect (EL4421)**

Modern co-ordinates were applied to the Death Adder local grid in 2007. The Death Adder Prospect is of interest as it is the only anomaly in the Peterlumbo tenement (to date) where historical geochemical drill results for Pb exceed 1%. Mapping also took place during the 2007 reconnaissance program and identified a large outcrop of Warrow Quartzite.

This quartzite was determined to have been metamorphosed to a white micaceous schist. Further work will be undertaken along the boundaries of this outcrop in future work to determine if it may form a control on mineralisation at the Death Adder Prospect.

In 2011 two grab samples were taken from an area within a broad copper anomaly in historical calcrete sampling. The samples (DAD001 & 2) returned anomalous lead and zinc.

In 2011/2012, 1,222 samples were taken on a 200x200m grid. Samples were analysed using Genalysis' Terraleach technique. Assayed elements were Au, Ag, As, Bi, Cu, Pb, Zn, Mn, Ba, Cd, Co, Sn, W, Fe, Mo, U, Ce, La, Sc, Sm and Y.

A 3D Induced Polarisation (IP) Survey was carried out by Search Exploration in 2011 using multipole receivers. The survey consisted of six arrays. Each array consisted of 17,200m spaced transmitter electrodes with two receiver lines - one each side - of 16 electrodes at 100m spacing.

In 2012, 1,030.6m of RC and 1014.8m of Diamond drilling was completed primarily to test the IOCGU prospectively of Death Adder and to test various geochemical, geophysical and structural targets. The highest result was a 60cm zone of Galena from 220.6-221.2m and red-brown Sphalerite with associated carbonate enrichment and veining @ 85g/t Ag, 3.37% Pb and 1.71% Zn. Another notable intercept was a 0.28g/t Au result from 10-11m in the quartz rich, highly weathered regolith of 12DADH001.

#### **3.5.1.17 Numancia Prospect (EL4421)**

A total of 32 RC holes were drilled across the Numancia structure in 2008 for a total of 4,688m. Wide intersections of conventional BIF Magnetite were intersected. Some of the better results include: 08NMRC014 (180m @ 17.4% Fe), 08NMRC017 (48m @ 25.3% Fe), 08NMRC026 (15m @ 39.6% Fe) and 08NMRC013 (178m @ 18.9% Fe).

#### **3.5.1.18 Black Hills Area (EL4421)**

As part of Trafford's extensive soil survey program in 2011-2012, 2,571 samples were taken on a 400x400m grid, followed by 3,622 samples taken on a 200x100m infill grid. Samples were analysed using Genalysis' Terraleach technique. Assayed elements were Au, Ag, As, Bi, Cu, Pb, Zn, Mn, Ba, Cd, Co, Sn, W, Fe, Mo, U, Ce, La, Sc, Sm and Y.

First pass drilling was completed at the Black Hill prospect in 2012 with a total of 68 holes for 3,760m. The first 17 holes were drilled using a RAB bit, 48 using an air-core bit and three were drilled using an RC bit with the intention to test the underlying fresh rock from three of the most geologically intriguing air-core holes. Drilling took place at several individual prospects within the broader Black Hills area; NigNog, Leghorn, Sanders, Paddy, Dogman, SuBo, Licken, Gallus, Chickenman and Little.

In June 2013, Trafford announced a drill intersection of 5m @ 493g/t Ag, 0.58% Pb and 0.27% Zn from 71-76m, including 1m @ 950g/t Ag, 1.08% Pb and 0.39% Zn and 3m @ 71g/t Ag, 0.23% Pb and 0.1% Zn from 82-85m, including 1m @ 150g/t Ag, 0.38% Pb and 0.11% Zn from drill hole 12BWRC020 which was drilled by IronClad as part of its iron ore exploration in 2012.



These prospects are along strike from Investigator Resources' Paris silver deposit and other regional targets demonstrating the high level of prospectivity of the Black Hills area on Trafford's 100% owned ground.

#### 3.5.1.19 Oxy's Bore Prospect (EL4421)

A partly PACE (Plan for Accelerating Exploration) funded (50% of direct drilling costs) Oxy's Bore diamond drill hole 13OBDH001 was completed for a total of 539.6m.

The target was a circular, 300m diameter, blind, aeromagnetic anomaly interpreted to have intruded at a three point structural intersection approximately 13km south-southeast of Investigator Resources' Paris Project area. A Carrapateena style magnetite iron / copper / gold intrusion was modelled from the geophysical response.

The hole intersected a medium grained, magnetite rich skarn from 408m to 428m down hole interval. The assay results from samples of this skarn mineralisation returned 20m @ 31% Fe. Significantly within this skarn zone was elevated gold, up to 0.16g/t, copper, up to 0.10%, zinc, up to 1.34%, tin, up to 0.49%, and tungsten, up to 0.68%.

Geophysical modelling of the magnetite rich intersection adequately explained the targeted aeromagnetic anomaly target zone. A number of alteration zones of varying widths were intersected from 400m to 513m including brick red iron flooded / replacement and epithermal textures.

### 3.5.2 Exploration Potential

On an individual basis, Ravensgate provides the following comments on the tenements of the Wilcherry Hill Project, which are presented in order of significance:

- EL5299: This is the main tenement in the Wilcherry Hill Project tenement package where the majority of drilling and data generation has been carried out and is currently viewed by Trafford as the most important. The most advanced targets for Trafford are the Telephone Dam lead-zinc-silver deposit (which shares similarities to Terramin's Menninnie Dam Pb/Zn deposit to the northwest) and the Weednanna gold deposit - one of the most advanced prospects. There are numerous other examples of occurrences of gold, copper, lead, zinc, uranium, tin, tungsten and other commodities which have been intersected at other prospects, however much more work is required to upgrade these prospects to deposits. The reason for the prospectivity of EL5299 is the underlying Wilcherry granite, considered to be of Hiltaba age. IronClad have progressed crystalline magnetite deposits at Weednanna, Weednanna North and Ultima Dam East and there remains potential to increase the current resources, specifically at Ultima Dam West. In addition, Cu and Mo mineralisation has been intersected at the Mawson prospect (IOCGU target), Cunyarie Dam lies to the southeast of Mawson, there is a relatively untested iron ore target at the Stuart prospect, a potential epithermal target at East Houlderroo Dam to the north of the tenement and Golden Gate to the north of Weednanna has historical intersections of Au, Cu, Pb, Ag, W and U. The recent identification of tin mineralisation at the Zealous prospect, where IronClad was drilling for iron ore, highlights the prospectivity of the area for multi-commodity discoveries.
- EL4421: The Peterlumbo tenement is also characterised by underlying granite, known as the Buckleboo Granite, which has been defined by geophysics and outcrops in the southwest corner of EL4421. This granite is also considered to be of Hiltaba age and therefore it is likely that mineralising fluids are also associated. From a geological point of view, this has the potential to be as prospective as EL5299, however the tenement has received <20% of the drilling carried out at EL5299. The tenement hosts the IOCG targets of Death Adder and Olympic Hill, the Black Hills area in the west contains the skarn mineralisation at Oxy's Bore, Reception Hill and Sunday Iron - a dual magnetic anomaly characterized by two circular to east - west striking magnetic features which are similar in appearance to several other magnetite/skarn anomalies within the area. Iron grades (+60% Fe) in a skarn type environment similar in setting to that of the Weednanna and Ultima Dam East prospects increases the potential for DSO at Sunday Iron.
- EL5164: The Eurilla Dam tenement hosts the Hercules iron resource which is being developed by IronClad and also hosts manganese mineralisation. The Pier trend is currently the most





interesting exploration target for Trafford, which is a possible extension of the Telephone Dam Deposit, displaying similar Pb-Zn-Ag mineralisation and similarities to Menninnie Dam.

- EL5470: The Valley Dam tenement hosts the Mitchell Pb-Zn target at which epithermal textures and minerals such as adularia have been recorded and Valley Dam which is a possible epithermal gold target running parallel to the Uno Fault. At the Valley Dam prospect minor anomalous gold has been intersected along the edge of the Uno fault and the apparent along strike relationship to the calcrete anomaly at East Houlderoo makes it an interesting conceptual target.
- EL4748: Little work has been carried out on the tenement.
- EL4945: Little work has been carried out on EL4945 and 4946, however Trafford believe there is potential for identifying epithermal style mineralisation.
- EL4946: As above.
- EL4870: This tenement is in two areas to the south of the project area and has received very little work.
- EL4443: The tenement has not been renewed and will expire on 14 March 2015.

### 3.5.3 Constraints to Further Exploration Success

Ravensgate can see no constraints at this point in time.

### 3.6 Mineral Resources

Due to IronClad having an 80% beneficial interest in the Wilcherry Hill project iron ore Mineral Resources, details of these Mineral Resources are described in IronClad's Section 7.6.

### 3.7 Mining Studies

Due to IronClad having an 80% beneficial interest in the Wilcherry Hill project a summary of the mining studies is described in IronClad's Section 7.8.



## 4. WESTERN GAWLER CRATON PROJECT

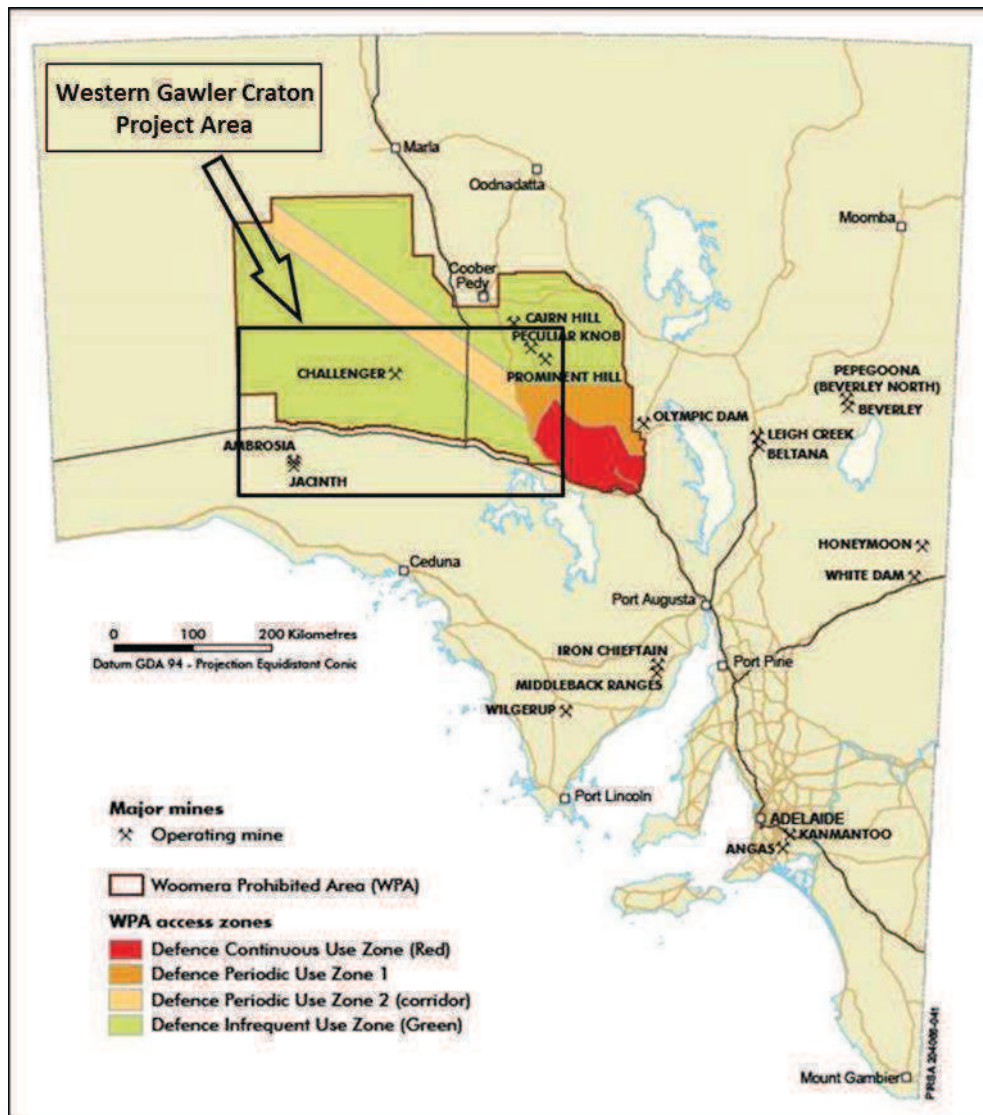
### 4.1 Introduction

The Western Gawler Craton Project area comprises Exploration Licences and Exploration Licence Applications, held by 100% by Trafford and in joint venture with Kingsgate Consolidated Limited (Kingsgate) covering an area of 7,443km<sup>2</sup>, in the northwestern area of South Australia on the western part of the Gawler Craton. The Gawler Craton hosts the world class Olympic Dam IOCG deposit currently being mined by BHP Billiton and also hosts the significant Oz Minerals owned IOCG deposits of Carrapateena and Prominent Hill, as well as the smaller gold deposits of Challenger, Tarcoola and Peculiar Knob.

#### 4.1.1 Project Location

The Challenger Gold Mine (owned by Kingsgate) is approximately central to the project area (Figure 7) and is ~750km to the northwest from Adelaide, 150km to the southwest from Coober Pedy and 130km to the northwest from Tarcoola. The area is located within the Woomera Prohibited Area (WPA), a military testing range, covering ~124,000km<sup>2</sup>.

Figure 7 Locality of the Western Gawler Craton Project Area relative to the WPA in South Australia



#### 4.1.2 Access

Access to the tenement area from the south and east is via the Stuart Highway and the Challenger Mine access road. Access from Coober Pedy is via the Mabel Creek Road or the Adelaide-Darwin railway and existing station access tracks thereafter. Within the tenement area, access is via existing station tracks, exploration tracks and cleared fence line tracks. The southeastern area of the project is located within the military's continuous use area of the WPA, with the majority of the area in the infrequent usage zone. WPA usage zones are shown in (Figure 7).

#### 4.1.3 Supporting Infrastructure

Although remote, reasonable infrastructure is present. Coober Pedy is the nearest township and the Challenger Gold Mine is the nearest supply point and sizable permanent inhabited locality. Coober Pedy has the only sealed all weather airstrip in the project area, with unsealed airstrips at the Challenger Gold Mine as well as various station airstrips in the project area.

#### 4.1.4 Geopolitical Environment

Refer to section 3.1.4.

#### 4.2 Ownership and Tenure

Tenement details are given in Table 5 below and shown spatially in Figure 8.

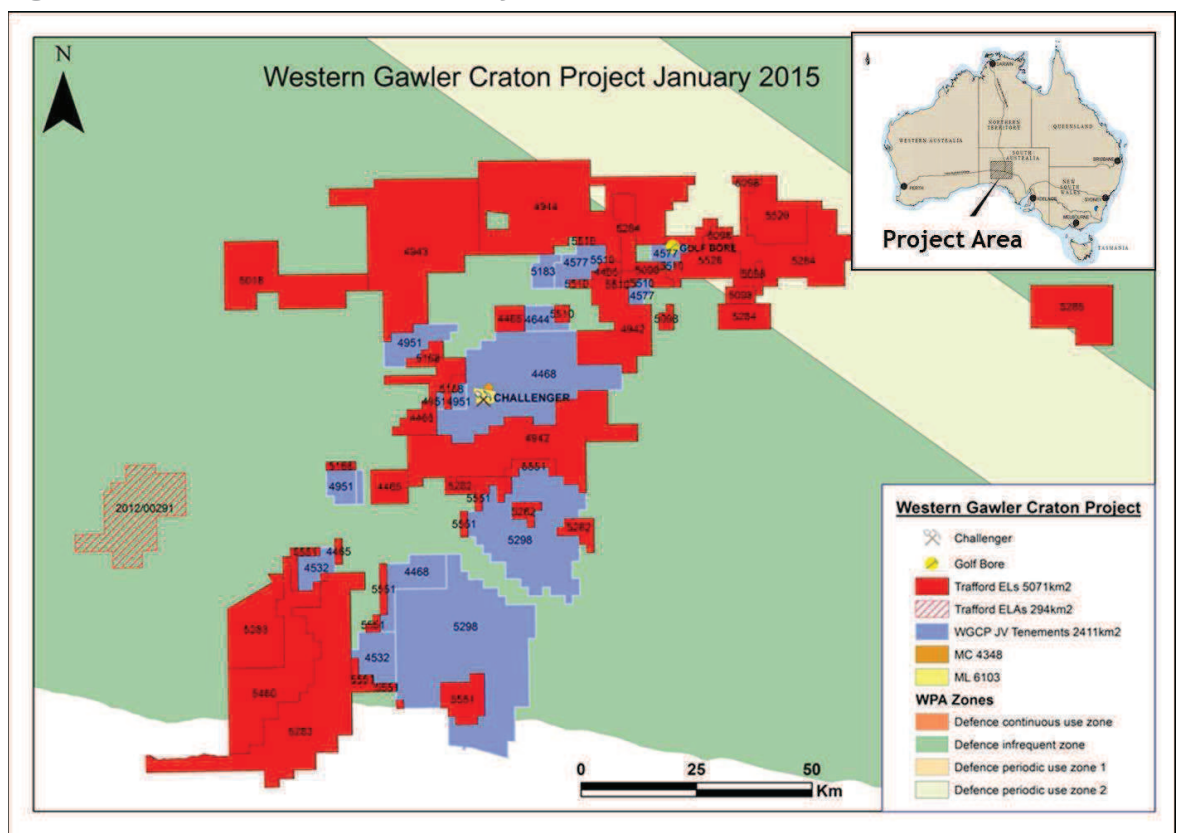
*Table 5 Gawler Craton Project Tenement Details*

Exploration Licence	Area (km <sup>2</sup> )	Grant Date	Expiry Date	Tenement Holder	Trafford Interest
4942	711	29/06/12	28/06/2016	Trafford Resources	100%
4943	641	29/06/12	28/06/2016	Trafford Resources	100%
4944	671	29/06/12	28/06/2016	Trafford Resources	100%
5098	128	16/11/12	15/11/2017	Trafford Resources	100%
5168	57	04/02/13	3/02/2015	Trafford Resources	100%
5282	107	24/06/13	23/06/2015	Trafford Resources	100%
5283	786	24/06/13	23/06/2015	Trafford Resources	100%
5284	384	24/06/13	23/06/2015	Trafford Resources	100%
5285	193	24/06/13	23/06/2015	Trafford Resources	100%
4465	232	19/04/10	18/04/2015	Half Moon (TRF)	100%
5460	346	01/08/14	31/07/2016	Trafford Resources	100%
5510	36	14/11/14	13/11/2016	Trafford Resources	100%
5551	204	06/01/15	5/01/2017	Trafford Resources	100%
5526	295	08/12/14	7/12/2016	Trafford Resources	100%
5183	36	21/05/12	20/05/2014	Challenger Gold Operations (KCN)	51% of Gold
5298	1,420	02/01/13	1/01/2015	Challenger Gold Operations (KCN)	51% of Gold
4577	134	18/10/10	17/10/2015	Challenger Gold Operations (KCN)	51% of Gold



Exploration Licence	Area (km <sup>2</sup> )	Grant Date	Expiry Date	Tenement Holder	Trafford Interest
4468	687	19/04/10	18/04/2015	Challenger Gold Operations (KCN)	51% of Gold
4532	184	26/07/10	25/07/2015	Challenger Gold Operations (KCN)	51% of Gold
4644	42	18/01/11	17/01/2015	Challenger Gold Operations (KCN)	51% of Gold
4951	149	09/07/12	8/07/2014	Challenger Gold Operations (KCN)	51% of Gold

Figure 8 Western Gawler Craton Project Tenement Locations



#### 4.2.1 Project Ownership and Relevant Interests

Refer to Table 5 for ownership and relevant interest details.

#### 4.2.2 Agreements

Southern Gold Limited (Southern Gold) entered in an exclusive option agreement with Dominion Mining Limited (Dominion) on the 6 February 2005 and subsequent JV, dated 26 October 2006, on Dominion's exploration licences in the northwest Gawler Craton. A summary of the JV terms are as follows:

- Southern Gold is to commit \$500,000 of expenditure in the first 12 months. On the completion of \$1m expenditure within 24 months, Southern Gold receives a 30% interest. Southern Gold



loses any interest in the JV if it does not spend a total \$2 million on the JV by the end of year three.

- After expenditure of \$2m total within 3 years, Southern Gold will earn a 51% interest.
- If Dominion does not participate at 49%, Southern Gold can earn 80% by the expenditure of a further \$2m in the following 3 years.

The JV relates only to gold and is subject to the terms and equity in Dominion's other joint venture tenements.

In addition to the above, the agreement allows provision for Southern Gold to toll treat at the Challenger plant and provides a pre-emptive right of first refusal to acquire the Challenger plant, should Dominion seek to divest.

In February 2011, Kingsgate assumed control of Dominion.

On 7 August 2012, Southern Gold announced that Trafford would purchase its 51% interest in the Western Gawler Craton JV with Dominion Gold Operations (a 100% owned subsidiary of Kingsgate) and its 100% owned Challenger West tenement.

Under the sale terms Trafford will purchase the Challenger Project for A\$500,000 cash and 3,000,000 Trafford shares (subject to a 12 month voluntary escrow period). Once a decision is made to conduct a feasibility study on a JORC Resource of over 500,000oz gold, Trafford will issue a further A\$1Million worth of Trafford shares to Southern Gold or its nominee.

A Deed of Access (DoA) between Trafford and the Department of Defence (DoD) exists which regulates periods of access and exclusion within the WPA. The DoA is a standard agreement between explorers/miners and the DoD to gain access to the WPA. The application process requires the company to provide information about Directors, Major Shareholders, employees that require access, communication procedures and an evacuation plan. Once a Deed is executed, the company may then give notice of exploration activities (no less than 10 days in advance) to the DoD for access approval. Access will not be approved if it is within the exclusion periods for each Zone. There are four Zones (Green, Amber, Amber - Corridor and Red), which can be seen on Figure 7.

#### **4.2.3 Royalties and Taxes**

There are no royalties attached to the project that affect Trafford's interest.

### **4.3 History**

#### **4.3.1 Ownership History**

Refer to section 4.3.2 and Table 6 for ownership history.

#### **4.3.2 Exploration History**

Little historic mineral exploration had been conducted within the Christie Domain of the Gawler Craton in comparison with other areas of exposed or thinly covered Archaean basement within Australia and globally. Early pioneering government geologists such as HYL Brown and R Lockhart Jack reported the occurrence of granitic, gneissic and granulitic rocks in the region northwest of Tarcoola. R Lockhart Jack produced a map of easily prospected areas for potential metalliferous bearing rocks identifying the Mt Christie region. Jack also recorded minor prospecting activity such as shallow pits and claim pegs in this area and towards Commonwealth Hill. Various geologists from the Department of Mines conducted reconnaissance in the 1950's and 1960's predominantly investigating the iron ore potential for the Mt Christie region which resulted in the first minerals exploration drill holes in the Christie Domain. Further geological investigations were continued by the Department of Mines and subsequently the Geological Survey Branch culminating in the publication of the Tarcoola, Coober Pedy, Tallaringa and Barton 1:250,000 scale geological maps and explanatory notes.

Mineral exploration by companies historically has been limited to the areas of outcrop in the immediate vicinity of Mt Christie and is detailed below in Table 6.



*Table 6      Gawler Craton Project: Exploration History*



<i>Date</i>	<i>Company</i>	<i>Findings</i>
1969	Kennecott	Identified elevated nickel and copper associated with weathered mafic to ultramafic schists and produced reportedly good reconnaissance maps for the areas of outcrop and shallow subcrop
1970's	Various Companies	Investigation of ultramafic rocks for their nickel and diamond potential but no gold exploration conducted. Uranium exploration was conducted concurrent to these investigations in palaeodrainage areas.
1980's	Stockdale (CRA & BHP)	Extensive exploration for diamonds over the majority of the Christie Domain. This consisted of regional loam sampling, aeromagnetic and ground geophysical surveys and drilling of magnetic targets. CRA Exploration and BHP joint ventured into various Stockdale tenements targeting base metals generally drilling magnetic anomalies.
1980's	CRA Exploration	The first exploration incorporating gold as a target in the region was conducted by Cape Range in the Mt Christie area and consisted of 42 rock chip samples analysed for copper, lead, zinc and gold. No gold analyses reported above the 50ppb detection limit. CRA Exploration had previously conducted stream sediment sampling to the south east of Mt Christie with detectable gold found in two samples. Follow up sampling downgraded the anomalism.
1990	CRA Exploration	The first systematic gold and base metals exploration conducted was by CRA Exploration in 1990. These exploration programs consisted reconnaissance scale soil sampling on an approximate 2km grid over the majority of the tenement package and these were analysed for gold and multi-elements. Infill sampling was conducted over various areas and the low ppb gold values returned were considered not worthy of further assessment.
1991	South Australian Department of Mines and Energy	A total of 289 air core drill holes were drilled targeting Archaean lithologies in the Christie Domain. Drill holes were along traverses following station tracks and spaced ~2km apart. Significant gold in basement anomalism was discovered in the area to the northeast of Mt Christie including 10m at 0.7 g/t Au, at Woomera Tank. Further significant intercepts (greater than 0.1g/t Au) were recorded in this region towards West Well. These results, in conjunction with South Australian Exploration Initiative detailed aeromagnetic data over the western Gawler Craton, led to Dominion Mining establishing a tenement holding incorporating this area.



<i>Date</i>	<i>Company</i>	<i>Findings</i>
1990-2011	Dominion Mining / Gawler JV (Dominion & Resolute)	<p>Orientation geochemical studies were conducted over the prospects in the Christie Domain with positive results. During the mid-1990's, regional reconnaissance scale calcrete sampling was conducted over the entire tenement package utilising both hand and auger sampling. This in turn lead to the discovery of the Challenger deposit through RAB drill testing of the high order (296ppb) gold in calcrete anomaly. This greenfields discovery generated a gold exploration boom in the Gawler Craton in combination with the subsequent discovery of the Tunkillia deposit, 200 kilometres to the south east. Within the GJV tenement package, calcrete sampling delineated over 300 anomalies varying from high to low order based on peak gold in calcrete assay. Of these, approximately 40 were RAB drill tested with the majority recording economic gold intercepts. The most significant of these were Golf Bore, Campfire Bore, Typhoon, Mainwood, Monsoon, South Hilga, Black Knight, Brickies and Indooroopilly. In total, over 6,300 RAB, 230 AC, 500 RC (including 130 regionally) and 45 diamond drill holes were completed over the entire tenement area. A regional geochemical database exceeding 45,000 calcrete, 4,300 soil and MMI and 400 lag and rock chip samples had been collated.</p> <p>During the late 1990's, the gold price declined and interest decreased for green-fields gold exploration in the Gawler Craton. The Gawler Joint Venture defined a gold resource at Challenger and focussed on development programs aimed at bringing that resource into production. Resolute sold its 50% share of the joint venture to Dominion in late 2000 and mine development recommenced after an almost two year hiatus. Dominion joint ventured most of the tenement package to several companies for various commodities in the mid 2000's. These included Mithril Resources exploring for nickel, Deep Yellow Ltd exploring for uranium, Iron Road Ltd. exploring for iron and Southern Gold Ltd exploring for gold. Deep Yellow terminated their JV in December 2008 and Mithril withdrew from their JV in mid-2009.</p> <p>Southern Gold commenced exploration on the western Gawler Craton with an airborne magnetic and radiometric survey in 2004 over three prospect areas on the Challenger West project. Drilling was conducted at the Contender, Blowout and Garford prospects in 2005 testing surface geochemical anomalism. Calcrete, soil and rock chip sampling was conducted in 2006 with a total of over 560 samples collected.</p>

#### 4.3.3 Previous Mineral Resource Estimates

A Mineral Resource estimate was released for the Golf Bore Deposit on EL4577 on 24 February 2010 - refer to section 4.6.

#### 4.3.4 Previous Production

Other than production on the Kingsgate (previously Dominion) owned Challenger Gold Mine, there has been no previous production on the tenements of the current Western Gawler Craton Project.

#### 4.4 Geological Setting

The following information has been derived from various published papers and annual reports by Dominion and Southern Gold. Geological descriptions are largely based on interpretation of geophysical data and limited outcrops and drill information.



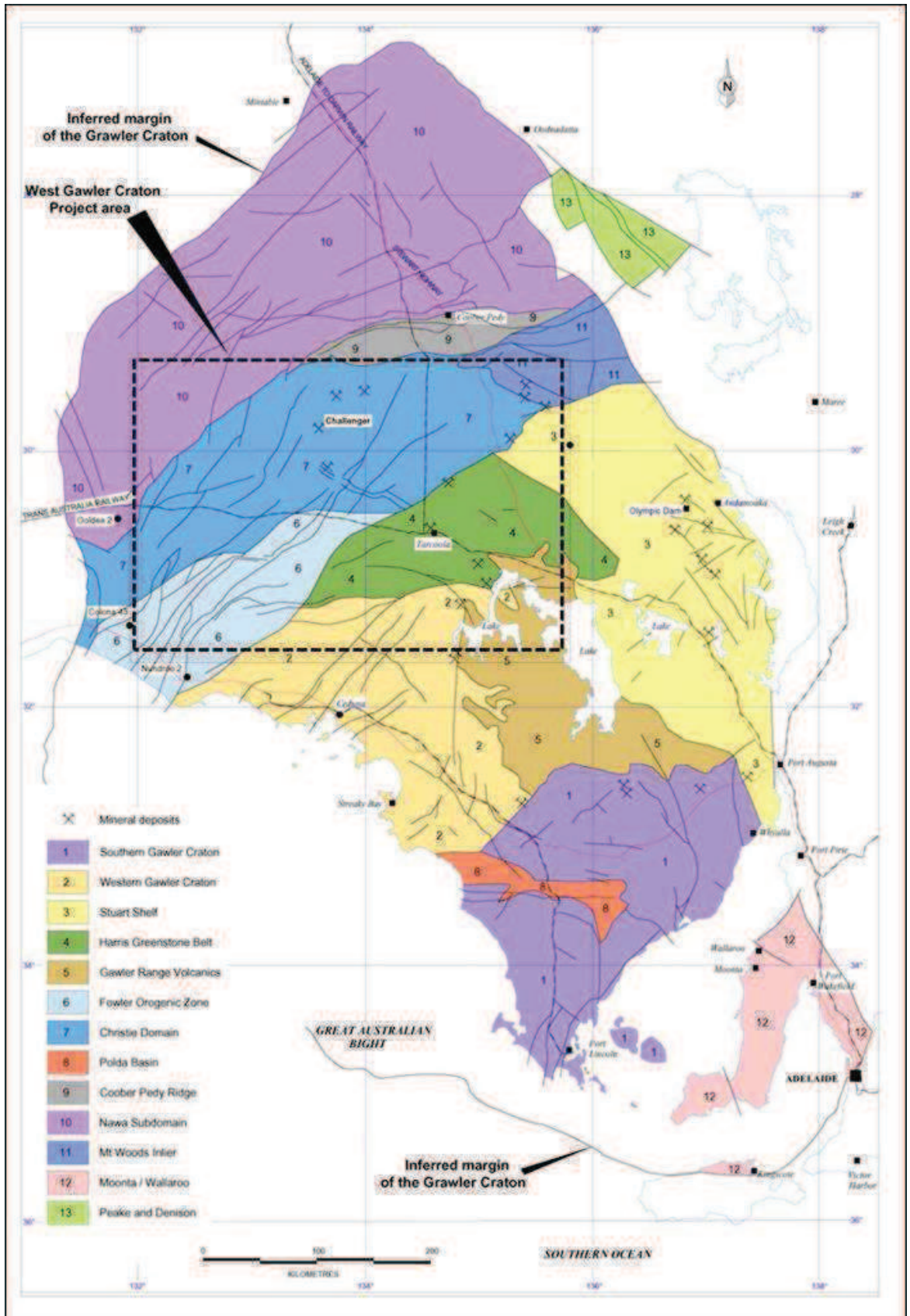


#### 4.4.1 Regional Geology and Mineralisation

The Gawler Craton is an ancient crystalline shield area comprising metasedimentary units, volcanics and igneous intrusive rocks ranging in age from Archaean to Mesoproterozoic that have not undergone major deformation since ~1,450 Ma. It was subdivided by Teasdale (1997) and later Ferris *et al.*, (2002) into thirteen tectonic sub domains on the basis of structural, metamorphic, and stratigraphic characteristics largely derived from aeromagnetic data and limited outcrop and drill intersections (Figure 9). Several variants of the domain sub-division by different authors have been published.



Figure 9 Interpreted Domains of the Gawler Craton, Modified from Teasdale (1997)



## 4.4.2 Project Geology

### 4.4.2.1 Transported Cover Sequence

Extensive and ubiquitous aeolian sand plains, fluvial and lacustrine deposits of Cainozoic age dominate the majority of the project area with playa lake deposits following the pattern of Tertiary palaeodrainage. Lesser erosional areas occur mainly draining off remnant basement highs. In the south and south-west of the project area, fossilised sand dunes with a dominant east-west orientation are present, reaching 6-7m above the plains. Locally, Mesozoic Algebuckina Sandstone and palaeo-glacial deposits overlie the basement beneath the Aeolian sands.

### 4.4.2.2 Regolith and Oxidation

Limited regolith studies have been carried out via close spaced traverse drilling and trenching on the Challenger and Golf Bore deposits. These studies were detailed and provide information on local conditions. The regolith of the basement rocks beneath the Aeolian sands and Algebuckina sandstones indicate in situ weathering with the gold mineralised zone present in the in situ weathered basement regolith, in part supergene-enriched and oxidation extending to depths of 80m to 100m. This situation can however by no means be indicative of the situation elsewhere in the project area.

### 4.4.2.3 Basement Lithology and Structural Setting

Very little is known about the lithologies of the Mulgathing Complex, other than that from bore holes at Challenger and the Golf Bore deposits (predominantly from RC chips) as well as the extremely limited outcrops.

Distribution of basement Mulgathing Complex lithologies is poorly understood with, on a regional scale, broad indications within the Christie Domain of the Christie gneisses dominating the northern and central parts and indications of increased calc-silicate and BIF's being present (from outcrops) in the south and south western parts of the Domain.

Meta-basaltic Intrusives of the Ifould Complex (Fowler Domain) are also present within the project area, largely as isolated inliers.

Hiltaba Suite granite plutons and felsic sheets are reported from the southern and south-eastern parts of the Christie Domain.

Northwest to southeast trending Gairdner age dykes (doleritic and gabbroic) dominate in the northeastern part of the Christie Domain, largely identified by linear magnetic trends.

Large north-easterly and north-north-easterly trending positive gravity anomalies (on a regional scale) underlie the project area and the Christie Domain. These have not been investigated by drilling and are interpreted as possibly representing large intrusives (mafic) or under-plating of the Craton.

The dominant structural feature is the arcuate Karari Fault Zone forming the boundary between the Christie Domains and the Nawa and Cooper Pedy Domains to the north. This feature crosses the far northern part of the project area.

No standardised naming convention for most of the fault/shear zones in the Christie Domain and in the Project Area appears to be being followed. The Talacootra fault zone is also referred to as the West Point shear or the Dog fence shear, depending on which report one refers to. Similarly the position, shape, continuity and orientation are variable dependant on the interpretation of the geophysics by different authors.

The second order structures of the north-northeasterly trending Talacootra and Coorabie Fault zones, lying to the west and east of the Challenger Gold mine respectively, traverse the project area. The northeasterly trending Blowout Shear lies in the far western part of the project area.

On a local project scale, several fault and shear zones have been interpreted from the regional and local scale ground geophysics and a variety of names assigned (such as the Dog fence shear).

Studies of folding at Challenger Mine and from detailed geophysical interpretation by geophysical consultants over limited areas, indicates a shortening of the sequence from the northwest and southeast, resulting in tight to isoclinal folds that ultimately are transposed by the axial planar



foliation and local shear zones along attenuated limbs. The geophysical interpretation also produced a myriad of faults and shears in the study area.

#### 4.4.3 Controls on Mineralisation

The understanding of the controls, style, type, age and disposition of the gold mineralisation is derived solely from the work carried out at Challenger Gold Mine. Gold mineralisation at Challenger has been dated at ~2,445Ma, placing the event at either pre-Sleafordian Orogeny or during its early stages. Some authors regard the gold mineralisation as Archaean with the Sleafordian Orogeny resulting in shortening and attenuation of folding, with the migration of the gold mineralisation into fold closure traps. Further tectonism and possibly the Kimban event resulted in redistribution of the mineralisation beyond the confines of the fold structures and re-orientation into linear shoots, which have been boudinaged by further shortening.

The gold mineralisation at Challenger is associated with a host of coarse grained, often bluish quartz lenses, potassic feldspar and biotite in a country rock of Christie gneiss, described as a garnet rich paragneiss of plagioclase, potassic feldspar, quartz, cordierite, garnet and biotite. Wall rock alteration is described as quartz, potassic feldspar and biotite. Basically and as noted in the early stages of the drilling by RC of the Challenger deposit, there is very little to distinguish the mineralised zone lithologically from the country rock other than the presence of the gold.

The sulphide mineralisation within the hosting structure consists of arsenopyrite, pyrrhotite, pyrite and rare graphite. Compounds of chalcopyrite and bismuth have also been noted.

#### 4.5 Exploration Results and Potential

The field activities in the Western Gawler Craton Project have been well documented by Trafford since commencing the project through ASX releases and detailed quarterly and annual activities reports.

##### 4.5.1 Recent Exploration Activities

Recent exploration activity at the project has seen a thorough review of all exploration data, incorporating:

- Collation and interrogation of all historic data from previous explorers.
- Acquisition and analysis of all publically available technical data.
- Collation of confidential and publically available technical reports.
- Detailed analysis of over 50,000 calcrete samples.
- Analysis of approximately 4,000 RAB / Air Core drill holes.
- Review of a commissioned, independent report on regional geophysical and geological trends.
- Collation and analysis of all known geophysics, geochemistry and geology work undertaken in the area.

Ongoing work includes:

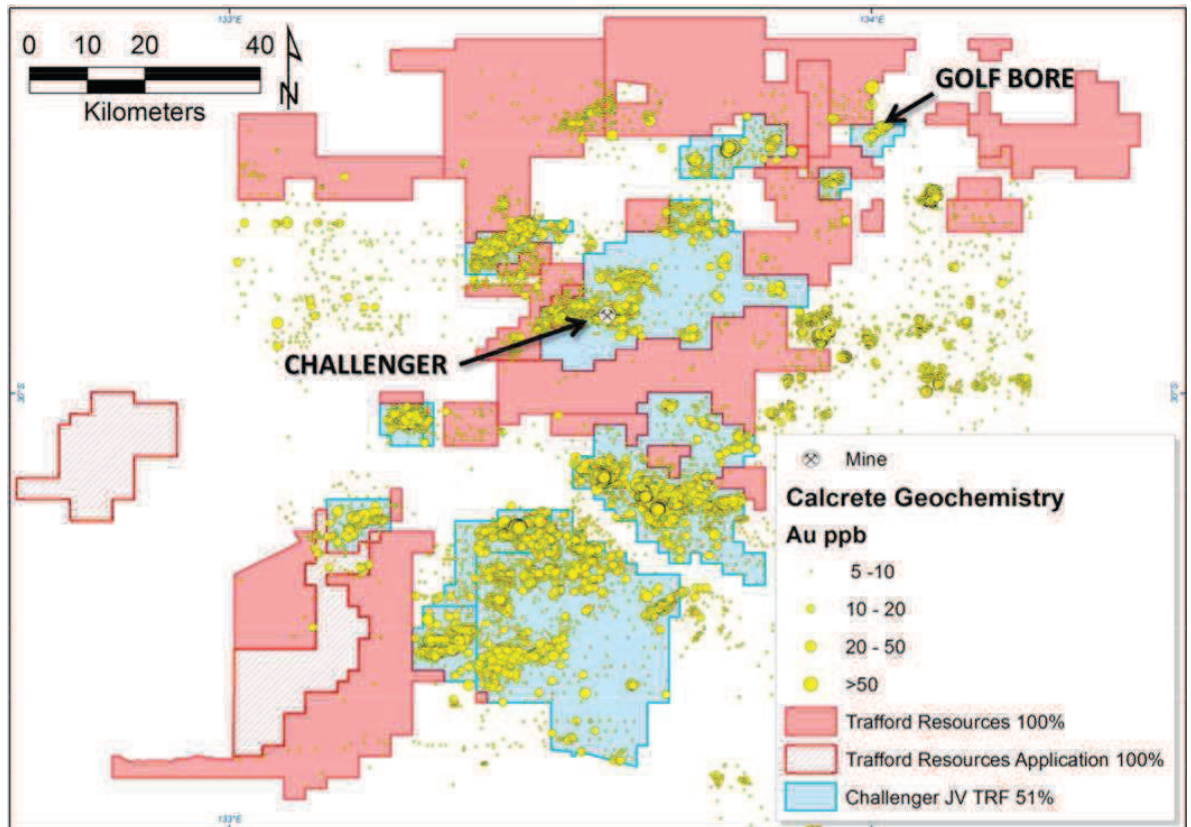
- The distillation of all data down to prospect scale in order to provide prioritised exploration target areas.
- Discussions with JV partner, Kingsgate regarding proposed programs and budgets on JV ground.
- Integration of small scale geophysical surveys into larger main surveys.

During the data review it became evident that there also exists a very large potential for the discovery of both base metals and gold - unrelated to Challenger style gold discoveries.

Over 300 of the original geochemical samples were flagged as anomalous (>20ppb Au) but approximately only 50 were followed up. The remainder still warrants further work. Over 250 'walk up' gold targets therefore remain to be explored without the precursor costs associated with further regional sampling programs. The distribution of calcrete samples and associated gold anomalies is shown in Figure 10.



Figure 10 All Gold in Calcrete Samples of Interest in the Project Area



#### 4.5.2 Exploration Potential

A number of different structural and host rock types of mineralisation, as well as different ages of mineralisation, could be present in the Christie and surrounding Domains.

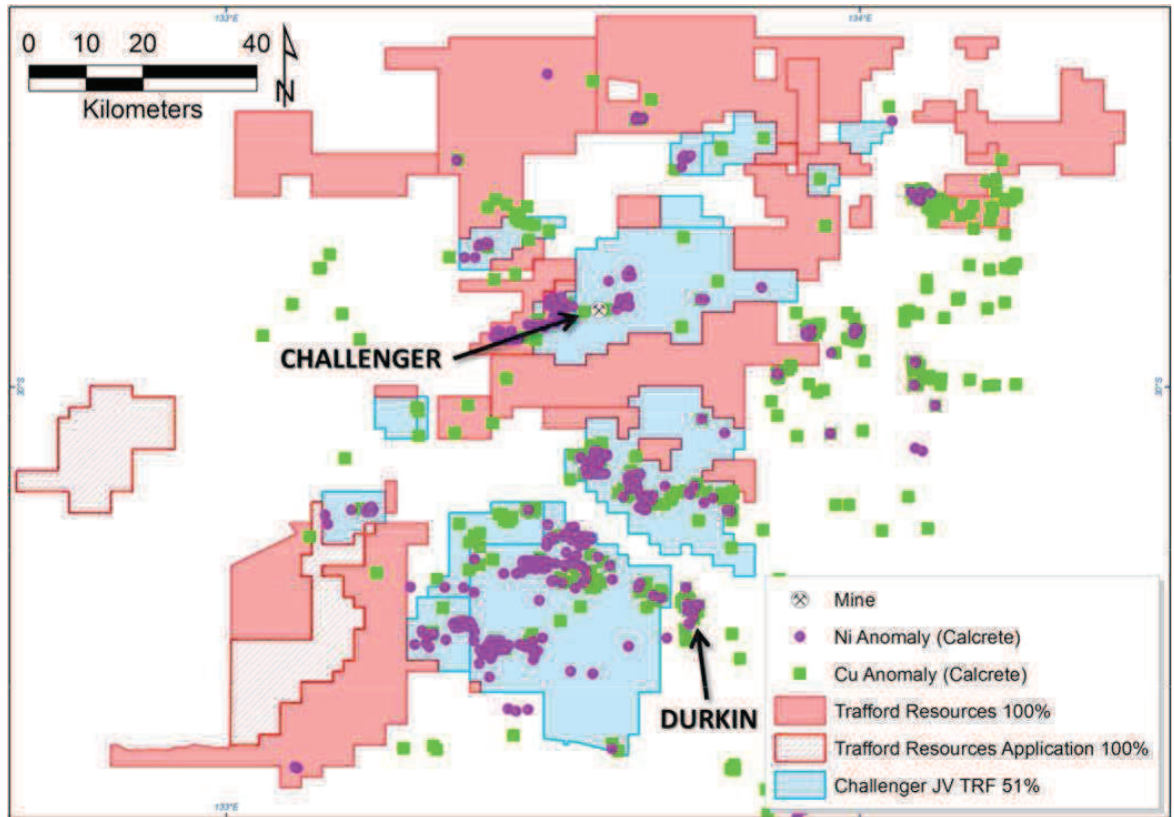
The following are some suggested styles of mineralisation that could be present:

- Saddle Reef: migration of gold mineralisation into low pressure zones in the apexes of syn- and anti-formal fold structures. (The Challenger deposit probably is of this style but extremely attenuated with the fold limbs sheared out).
- Shear Zones: Linear mineralised shears with plunging ore shoot development depending on the orientation of the pressure fields.
- En-echelon Tension Gash Arrays: mineralisation at an angular disposition and plunge relative to parallel shear/fault couples.
- Symoid Loop (or Jog Zone): Pull-apart structures creating low pressure zones related to shear/fault couples.
- Replacement BIF hosted: replacement of magnetite in BIF's by gold mineralising fluids and consequential de-magnetisation of the BIF horizon.
- Skarn: Calc-silicate host to gold mineralisation related to intrusives (Hiltaba or older).
- Alteration Halo Shear/fracture Control (Thermal Aureole Gold Model): Gold mineralisation in structural traps related to fracturing due to pluton (granitoid) intrusion within the thermal alteration zone to the roof or margins.
- IOCG: Iron Ore Copper Gold breccia deposits such as the Olympic Dam deposit related to younger (Hiltaba) granite intrusives.
- Cupola Zone: gold mineralisation related to stock-works and greisenization in the cupola zone of high level granitoid intrusions.



Although regional sampling covers a vast area of the project, base metals were often not tested for. The recent South Australian Government Calcrete Re-analysis Program completed in 2011 has generated numerous base metal anomalies, of particular interest are the coincident Ni-Cu anomalies (Figure 11) highlighting prospectivity and revealing trends of potential mineralisation. It should be noted that Trafford retains the rights to base metals, only on its 100% owned tenements (red below).

Figure 11 Nickel and Copper in Calcrete Anomalies in the Project Area



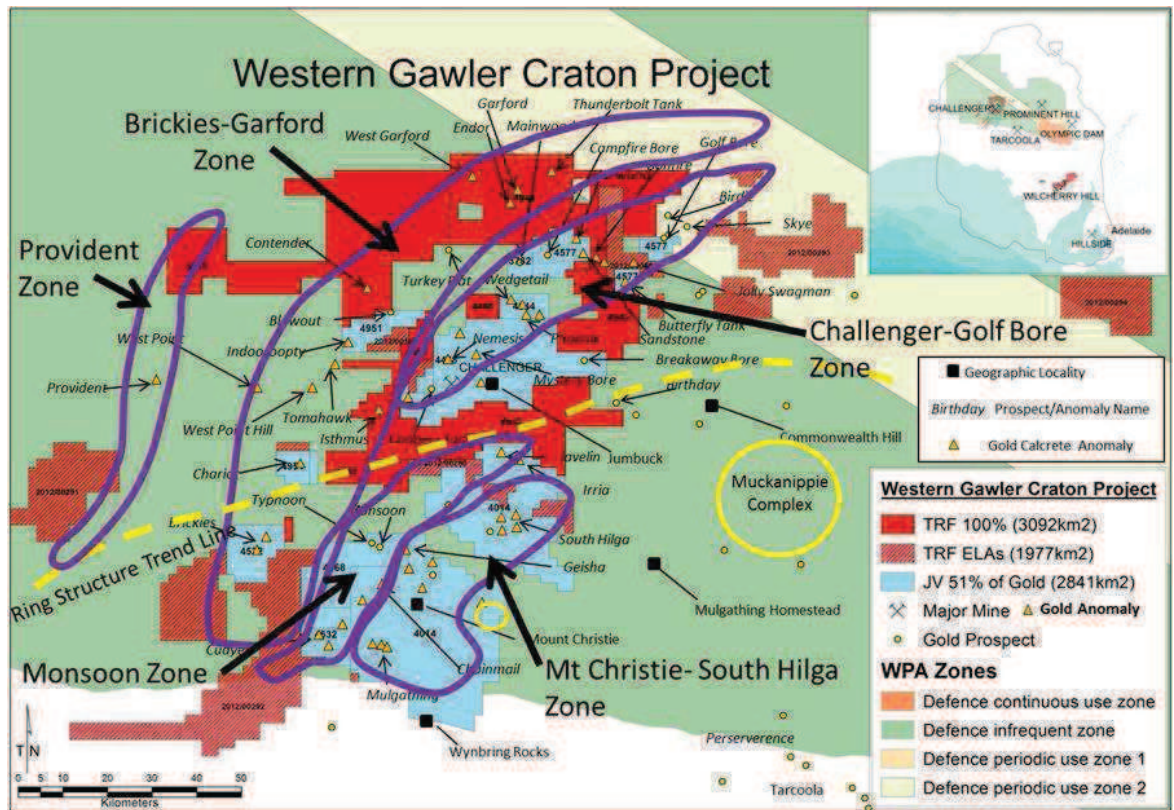
The following figures (Figure 12 and Figure 13) created by Integrated Geological Solutions (2013) indicate a broad interpretation of possible trend zones of gold mineralisation, based on the gold-in-soil calcrete anomalies and the magnetic image.

- The Provident Zone suffers from a lack of geochemical coverage and the potential subdued responses due to the sand dune cover, but the strong magnetic signature trend assists in defining the zone.
- The Brickies-Garford Zone is a broad trend encompassing the broad Talacootra shear zone and a string of gold anomalies related to this shearing.
- The Monsoon Zone outlines those gold anomalies related to rotated magnetic grain with possible dilation effects.
- The Mount Christie/South Hilga Zone encompasses those gold anomalies interpreted from the magnetic and very limited outcrop mapping as being related to BIF hosts.
- The Challenger/Golf Bore Zone encloses those gold anomalies with an apparent north-easterly trend and related to quiescent or vague magnetic signature.
- Magnetic circular, ring and plug like features lie on an arcuate east - west trending line with a discernible magnetic curvy-linear feature connecting these. **On certain of the available re-processed magnetics**, these features display radiating magnetic linear and semi-concentric ring-like features. These structures could represent intrusive bodies from plug-like to major



complexes (such as the Muckanippie Complex) and compositions could range from Hiltaba granite to gabbro's (of unknown age).

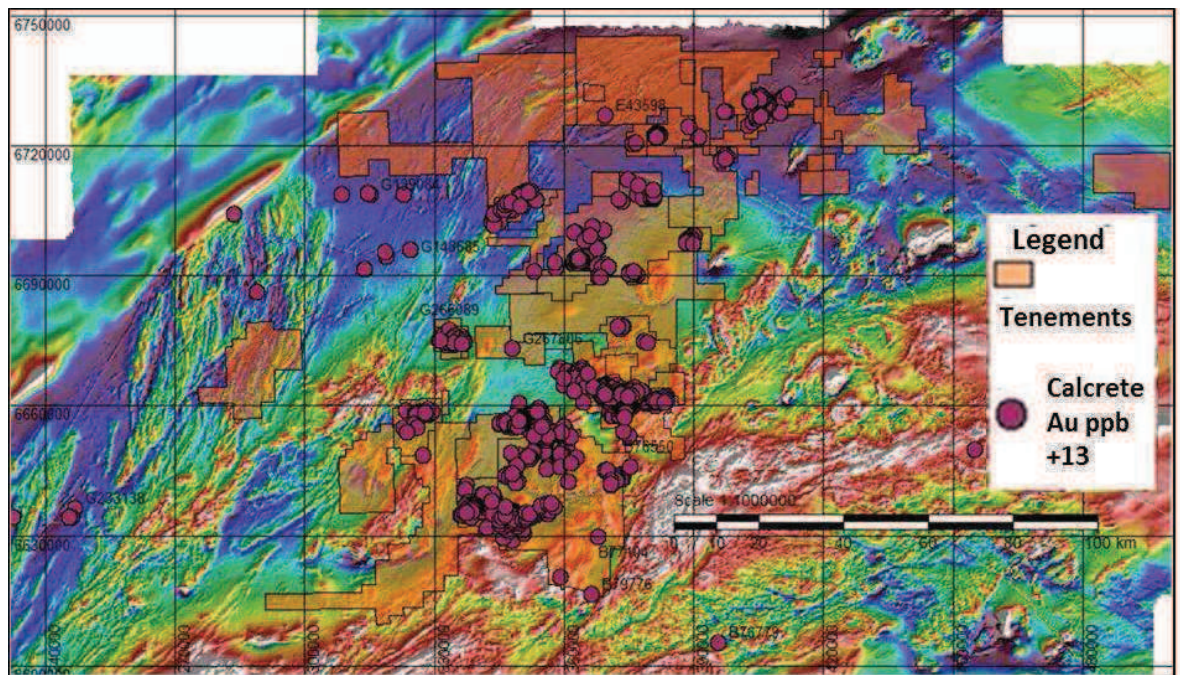
**Figure 12** Generalised Trends of Gold Mineralisation in the Project Area derived from Soil Geochemistry and Geophysics



The ring structures trend line and ring structures appears to be post Kimban (1,720Ma) orogeny. They could provide the heat and hydrothermal fluid source for potential post-Archaean gold deposits hosted by radiating and concentric faults, as well as suitable lithological hosts and in alteration zones.



*Figure 13 Interpreted Potential Target Zones Defined by Geochemistry with TMI Background*



On an individual basis, Ravensgate provides the following notes on the JV tenements of the Western Gawler Craton Project:

- EL4468: This licence is split into two areas with the northern area surrounding the Challenger Gold Mine. The two areas host some of Traffords highest priority prospects and targets including the Typhoon and Monsoon prospects in the northern area of the southern block, in the Monsoon Zone. Other prospects include Nemesis, Mystery Bore and Coopers Tank in the Challenger - Golf Bore Zone.
- EL4577: The licence contains the Golf Bore Deposit and Resource - refer to section 4.6.
- EL5298: The licence contains high caliber gold-in-soil calcrete anomalies with high priority prospects including Campfire Bore, Sandstone and Harwood, with the Challenger - Golf Bore Zone.
- EL4532: Within the interpreted Brickies - Garford Zone, northeast - southwest prospective gold trend, the Cudyea prospect has returned high caliber gold-in-soil calcrete anomalies with minor drilling carried out at the Brickies prospect returning encouraging results.
- EL4644: The licence contains the Wedgetail and Phoenix prospects within the Challenger - Golf Bore Zone.
- EL4951: Within the interpreted Brickies - Garford Zone, northeast - southwest prospective gold trend, minor drilling has been carried out at the prospects of Chariot and Blowout. The licence also contains the Indooroopilly prospect.
- EL5183: The licence is one of the smaller in the package, but contains the Mainwood prospect which has returned high (up to 20g/t) gold values, within the Challenger - Golf Bore Zone.

On an individual basis, Ravensgate provides the following notes on the 100% owned tenements of the Western Gawler Craton Project:

- EL4942: A large east-west tenement covering the southern boundary of the Challenger tenement and the proposed Ring Structure Trend Line.
- EL4943: The tenement contains the Contender prospect which has received one round of drilling during Southern Gold's ownership. The interpreted Brickies - Garford Zone, northeast southwest gold trend transects the tenement.





- EL4944: The interpreted Brickies - Garford Zone, northeast - southwest prospective gold trend transects the tenement and contains the Garford, West Garford, Endor and Thunderbolt Tank prospects.
- EL5098: A small tenement to the east of the package. Early stage, greenfields.
- EL5168: Located to the northwest of the Challenger Gold Mine at the boundary of the Brickies - Garford Zone and Challenger - Golf Bore Zone.
- EL5282: Located immediately to the south of the Ring Structure Trend Line in the northern area of the Monsoon Zone.
- EL5283: A large tenement to the south of the package at the southern extent of the interpreted Brickies - Garford Zone, northeast - southwest prospective gold trend.
- EL5284: A tenement to the northeast of the package to the east of the Challenger - Golf Bore Zone. Early stage, greenfields.
- EL5285: The eastern-most, non-contiguous tenement with no data. Very early stage.
- EL4465: Contains the Isthmus prospect and is within the interpreted Brickies - Garford Zone, northeast - southwest prospective gold trend.
- EL5460: Contiguous to the western boundary of EL5283.
- EL5510: A small tenement within the Challenger - Golf Bore Zone to the north of the EL4468 northern block.
- EL5551: Located within the southern area of JV tenement EL5298 within the Mt Christie - South Hilga Zone.
- EL5526: This tenement covers the potential northeast extension of the Golf Bore deposit.

#### 4.5.3 Constraints to Further Exploration Success

The only constraint to further exploration success that Ravensgate can see is not having the funds to be able to explore the many gold-in-soil calcrete anomalies adequately. A National Park is located to the north of EL4943 and EL4944, but is not in Trafford's immediate area of interest.

#### 4.6 Mineral Resources

A Mineral Resource estimate for the Golf Bore Gold Deposit was publicly reported by the then owners Southern Gold Limited in 2010. The Golf Bore Gold Deposit is located within the Challenger Area Joint Venture project and is approximately 40km northeast of the Challenger Gold Mine situated within the Gawler Craton, South Australia.

The Golf Bore Inferred Mineral Resource is 3.2Mt at a grade of 1.0g/t Au, for 102,600 ounces contained gold metal. The mineral resource is summarised in Table 7 below.

*Table 7 Golf Bore Gold Deposit Inferred Mineral Resource Estimate (0.5g/t Gold Cut-off)*

Classification	Zone	Tonnes (Mt)	Grade (g/t Au)	Contained Metal ('000 oz Au)
Inferred	Oxide	0.8	1.2	31
Inferred	Fresh	2.4	0.9	71
Inferred	Total	3.2	1.0	102

Information in the following sections is derived from a Southern Gold Limited memorandum entitled "Golf Bore Resource Estimate" (Birt 2010) supplied to Ravensgate by Trafford. This memorandum stated that the block modelling and resource estimation work was completed during December 2009 by Runge Limited. Ravensgate note that no report from independent consultants Runge Limited was made available to Ravensgate.



#### 4.6.1 Drilling and Sampling Methods

The Golf Bore estimate covers a 1,100m lateral strike extent, while the vertical extent of the resource is 120m from surface at approximately 160mRL to 40mRL. Drill holes used in the resource estimate include 2 diamond drill holes, 91 RC drill holes and 66 aircore drill holes for a total of 3,350m within the resource wireframes. RC drill holes in the resource were drilled at section spacings of 50m, while aircore drill holes were clustered around high grade shoot positions.

#### 4.6.2 Drill Hole Collar & Downhole Survey

All drill holes drilled by Southern Gold (SAU) prior to 2009 were surveyed at the collar using DGPS. Downhole surveys using a single shot Eastman camera were recorded at 30m depth intervals. Drill holes were predominantly drilled at -60° to 140° azimuth (GDA94 grid) or drilled vertically. Holes drilled by SAU in 2009 have been located by handheld Garmin GPS and tape measure from existing surveyed holes and have been drilled at -70° to either 140° or 040° azimuth (GDA grid).

#### 4.6.3 Sampling, Assaying Data Handling and QA/QC

RC drill holes were sampled at 1m intervals. For much of the drilling, composite samples of 3m or 4m intervals were submitted for assay. Composite samples were taken as spear or grab samples. Composites returning anomalous grades (0.5g/t Au) were re-sampled in 1m intervals using a riffle splitter. Sample preparation and assay was carried out by ALS and Genalysis laboratories in Adelaide (South Australia) and Perth (Western Australia). Assaying for Au and multi-elements was completed using a combination of AAS and Fire Assay. Quality control data for the drilling has been reviewed by Runge and is considered adequate.

#### 4.6.4 Geological Data Acquisition and Database Generation

No information about geological data acquisition was available to Ravensgate.

#### 4.6.5 Geological and Mineralisation Domain Interpretation and Continuity

Gold mineralisation at the Golf Bore Mineral Resource is hosted in a fine grained, weakly to moderately foliated, quartz-feldspar-biotite+/-chlorite+/-sericite microgneiss. Higher grade mineralisation is contained within thin remnant quartz veining and leucosome development. Geochemically, the gold mineralisation is associated with arsenic (As) and to a lesser degree, silver (Ag). Gold grades are in the order of 2 g/t (with highest grade of approximately 50g/t). Arsenic is generally in the order of 500 to 5,000 ppm and Ag 0.2 to 1 ppm. No other obvious tracer elements have been identified with the exception of bismuth (Bi), which is anomalous to a few ppm.

The geology of the Golf Bore Deposit consists of variably foliated quartz-feldspar-biotite+/-chlorite+/-sericite+/-garnet gneisses, leucosomes developed within the gneissic package, felsic pegmatoids and rare mafic dykes. The gneissic stratigraphy has undergone retrograde alteration which overprints what is presumed to be garnet gneisses similar to those in other parts of the Christie Domain and the other gold prospects regionally.

In broad terms, there is interpreted a hanging wall sequence of fine to medium grained quartzofeldspatic biotite gneiss which is weakly foliated and contains medium to coarse grained, non potassic feldspar bearing pegmatoids. Garnet is noted within this package occasionally and this may be lithological or a remnant of the lithology prior to retrograde alteration. No intense leucosome development has been noted within this package.

Traversing to the east, the main host to mineralisation is finer grained biotite dominant microgneiss with leucosomes, moderate foliation and chlorite and sericite. The pegmatoids in the host package tend to have potassic feldspars. Rare quartz veins have also been identified within this package.

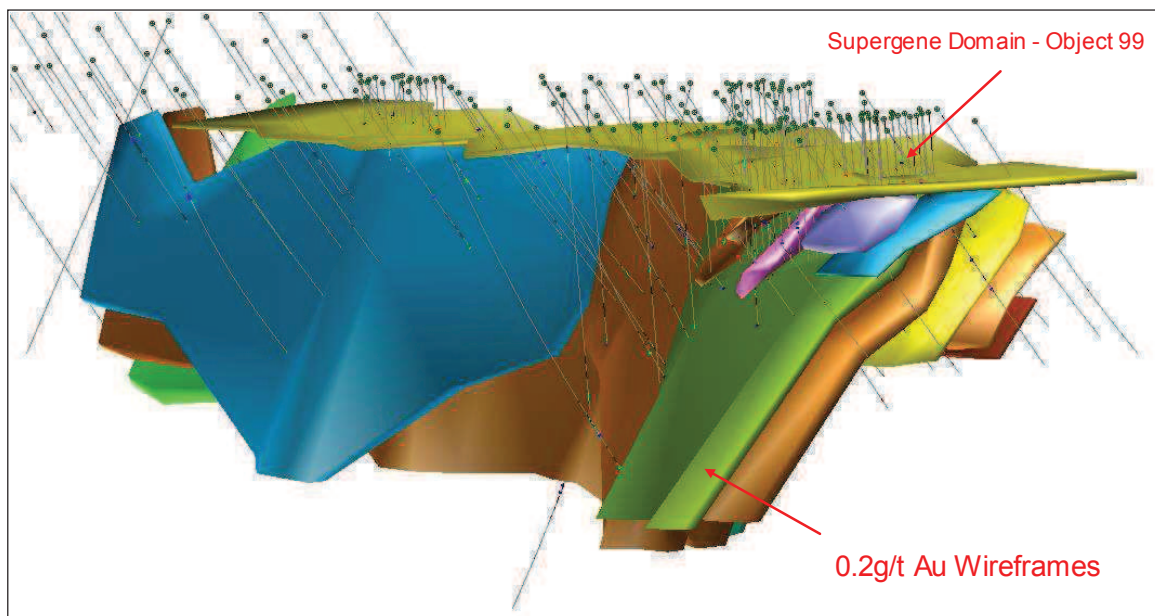
The footwall package is similar to the fine to medium grained quartzofeldspatic biotite gneiss except there appears to be increased chlorite content and it is moderately foliated. Pegmatoids appear to be less frequent but this is assumed to be a product of limited penetration into the footwall by drilling.



Although mineralised veins have been interpreted from the present drill data, the complex folded nature of the shear zones requires close spaced drilling to best define the overall extent of each mineralised vein. There is the risk that short scale variability will result in incorrect interpretations and resource estimations.

Wireframe domains are shown in Figure 14 below.

*Figure 14 Golf Bore Gold Deposit resource wireframes – oblique view (looking east)*



#### 4.6.6 Sample Geostatistics and Variography

No information was publically available detailing the geostatistics or variography undertaken.

#### 4.6.7 Resource Modelling and Resource Estimation Methods

The deposit was estimated in a standard block model using Inverse Distance Squared (ID2) interpolation. The deposit was constrained by resource outlines based on mineralisation envelopes prepared using a nominal 0.2g/t Au cut-off. High grade cuts were determined by statistical analysis for the steep vein and supergene domains. A high grade cut of 20g/t Au was applied to the vein domain and a cut of 14g/t Au applied to the supergene domain. The resource is reported at a cut-off of 0.5g/t Au and is suitable for this deposit.

A project topographic wireframe was created using the surveyed drill hole collar information. Wireframes were constructed using cross sectional interpretations based on mineralised envelopes constructed at a nominal 0.2g/t Au cut-off. Samples within the wireframes were composited to even 1.0m intervals.

A high grade cut of 20g/t Au was applied to the steep vein domain and a cut of 14g/t Au applied to the horizontal supergene domain.

A Surpac block model was used for the estimate with a block size of 25m NS by 10m EW by 10m vertical with sub-cells of 12.5m by 2.5m by 1.25m. The model was rotated 048°.

Inverse Distance Squared (ID2) grade interpolation used an oriented 'ellipsoid' search neighbourhood. Three passes were used to fill the model with greater than 80% of the model being filled in the first pass. An initial search radius of 50m was increased to 100m and then 200m for subsequent passes. A minimum of 10 samples was required for the first two passes and this was reduced to four samples for the third pass.



#### 4.6.8 Bulk Density

Bulk density values were assigned on the basis of material type. The fresh rock domain was assigned a bulk density of 2.7t/m<sup>3</sup>, while a bulk density of 2.0t/m<sup>3</sup> was applied to the oxide domain. The fresh rock density was determined from 56 measurements taken from diamond drill hole GBDD002. The density assigned to the oxide material was derived from known values from the nearby Challenger Gold Mine dataset.

#### 4.6.9 Resource Model Validation and Reconciliation

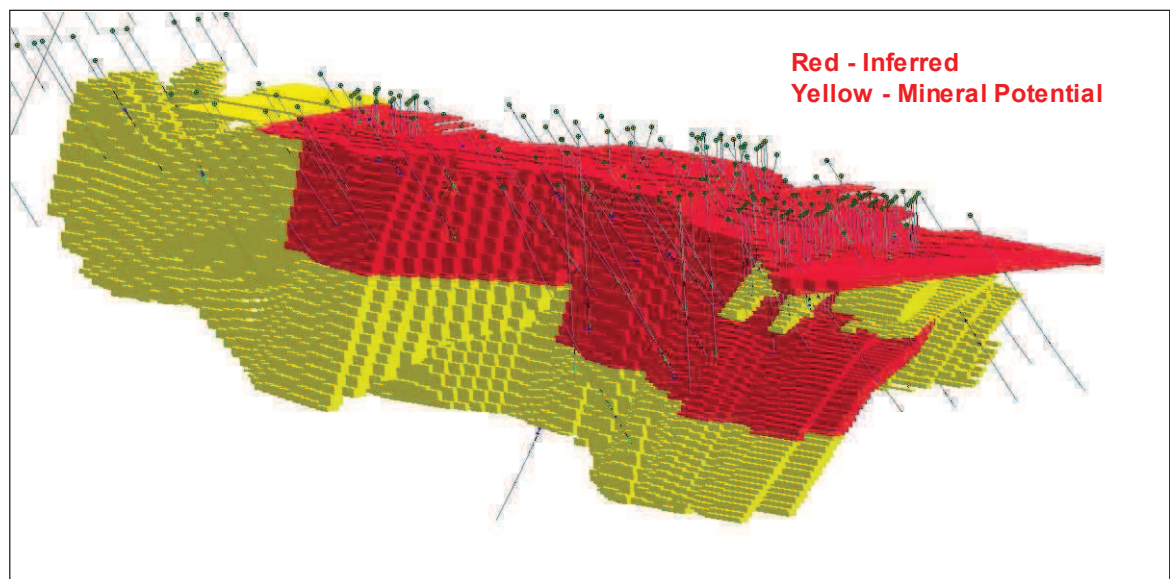
No information about model validation and reconciliation was available to Ravensgate.

#### 4.6.10 Resource Classification

The close spaced aircore drill holes supported by wider spaced oblique drill lines of RC drill holes formed the basis of assigning a substantial portion of the deposit to the Inferred Mineral Resource classification. Large areas of gold mineralisation to the northeast and below the deposit were classified as Non-JORC Mineral Potential due to the lack of quality, close spaced drill holes.

Resource classification was based on drill hole sample quality, drill hole spacing and continuity of mineralisation. Drill hole spacing varied from 10m by 10m up to 40m by 50m and defined mineralisation with reasonable continuity of grade and structure. However due to the uncertain quality of the aircore holes, the estimate was largely classified as Inferred Mineral Resource (Figure 15). Aircore drill holes have been drilled in 10m by 10m clusters in three separate locations around oblique RC sections. Those areas lacking RC or diamond drill holes to support aircore drill holes, or areas interpreted at depth down dip, have been classified as Mineral Potential.

*Figure 15 Golf Bore Gold Deposit block model coloured by resource classification*



#### 4.6.11 Resource Estimation Risk Analysis

The defined resource at Golf Bore is insufficient to sustain a standalone operation. However, the project was considered by the Competent Person to have some economic potential either as a satellite deposit to the Challenger Gold Mine, or as part of a larger operation at Golf Bore if other deposits are discovered in the vicinity. At the time of resource reporting Southern Gold considered that further resource increases within the immediate area to be very likely as the deposit is open to the north east and at depth down dip. They noted that few deep, quality drill holes have been drilled, and the north east area has only been tested with predominantly shallow aircore drill holes.



#### 4.6.12 Conclusions

Ravensgate have not had access to the underlying drill hole data for resource modelling reports which underpinned this resource estimate, and therefore are unable to form an opinion about the merits of this mineral resource estimate or to comment about the technical aspects of the estimate.

### 5. TWIN PEAKS PROJECT

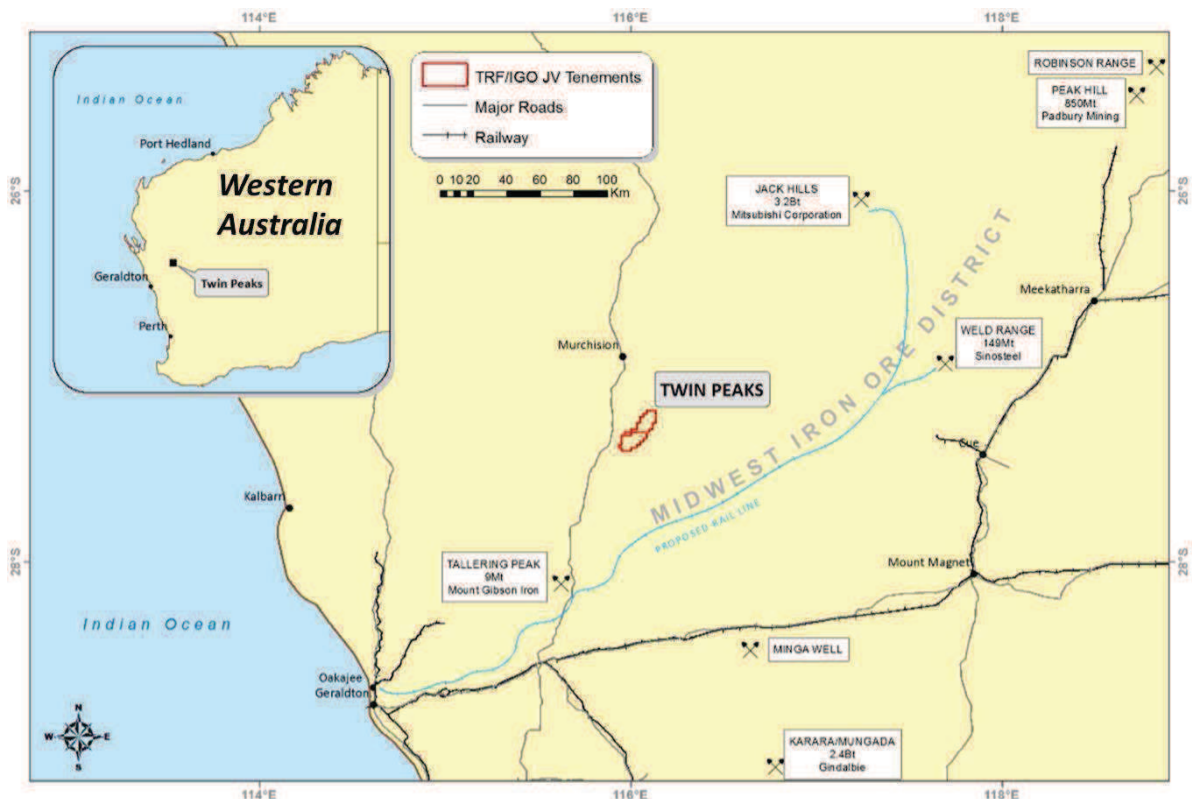
#### 5.1 Introduction

The Twin Peaks Project is a joint venture between Trafford and Independence Group NL (Independence) whereby Trafford may earn a staged 80% equity in the iron ore rights in the project by expending \$5M over five years. The Twin Peaks Project was inherited by Independence as a result of its takeover of Jabiru in 2011. The two tenements were subsequently put out to tender to selected parties, as iron ore is not a priority commodity for Independence. Trafford have since added a 100% owned exploration licence to the project which joins contiguously to the north.

#### 5.1.1 Project Location

The Twin Peaks Project is located 500km north of the city of Perth and ~200km northeast of the coastal town of Geraldton, within the Yalgoo Mineral Field, in the West Murchison region of Western Australia (Figure 16). Geologically the project is within the Twin Peaks Greenstone Belt, within the western Murchison domain, a part of the Archaean Yilgarn Craton (Figure 19).

Figure 16 Midwest Iron Ore Projects and Trafford/Independence JV Tenements



Source: Trafford Resources Ltd, 2013.

#### 5.1.2 Access

Access to the area is via the Carnarvon-Mullewa Road and then east along a network of station tracks. The tenements intersect several pastoral leases, namely the Twin Peaks Pastoral Lease 3114/637, Billabalong Pastoral Lease 3114/947, and Wooleen Pastoral Lease 3114/959. To the west the tenements are bounded by the Murchison River and to the south by the Sanford River.



### 5.1.3 Supporting Infrastructure

Infrastructure in the project is sparse. The Dampier to Bunbury gas pipeline is located ~120km to the west of the project with access to the proposed rail infrastructure (~60km to the southeast of the project) connecting Mitsubishi Corporation's Jack Hills Mine to the port at Oakajee, north of Geraldton.

### 5.1.4 Geopolitical Environment

Refer to section 3.1.4.

## 5.2 Ownership and Tenure

### 5.2.1 Project Ownership and Relevant Interests

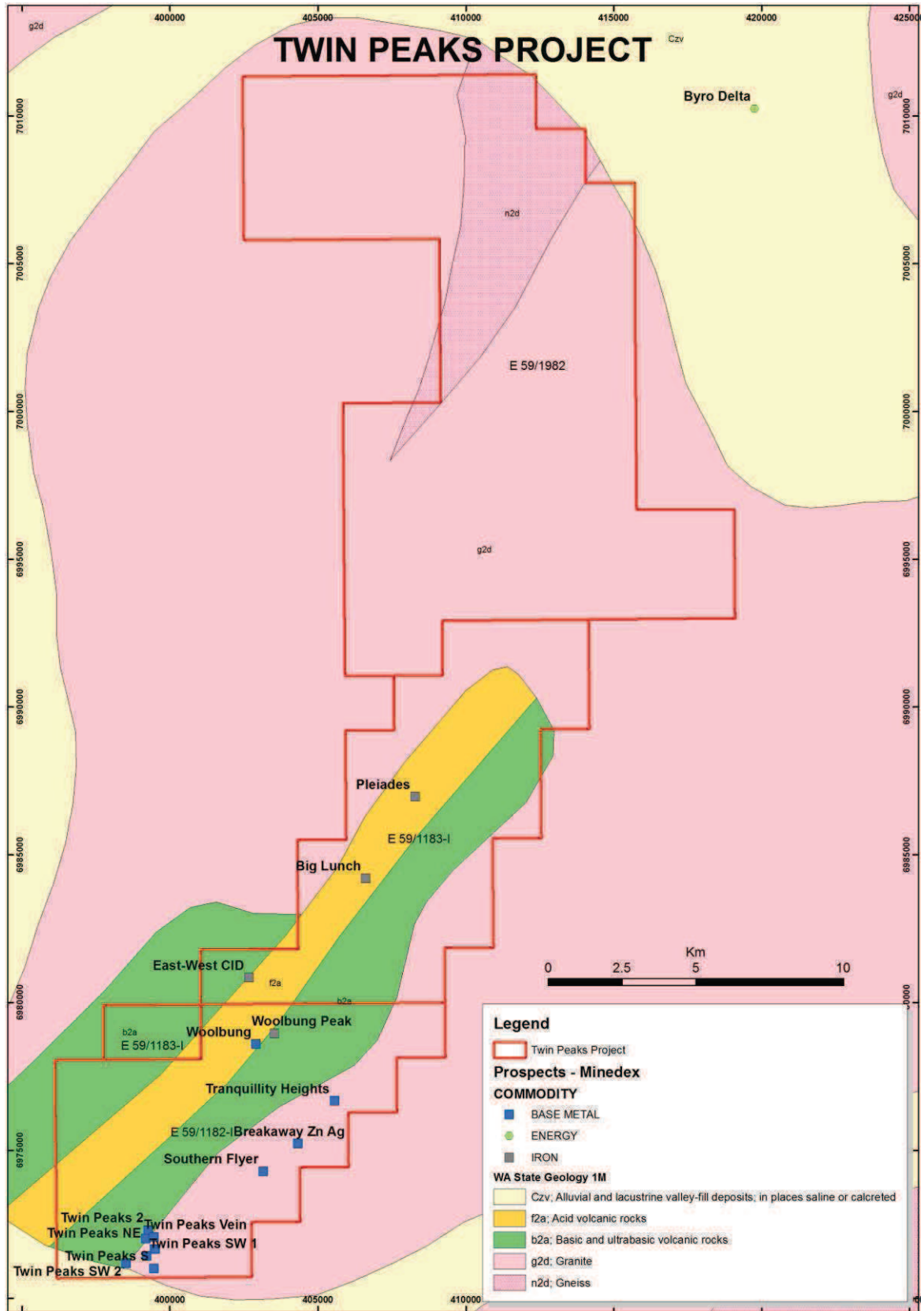
The tenements are now operated by under a joint venture agreement with Independence. Terms of the agreement are given below in 5.2.2 with tenement details given in Table 8 and shown spatially in (Figure 17) below.

*Table 8 Twin Peaks Project Tenement Details*

Exploration Licence	Area (km <sup>2</sup> )	Grant Date	Expiry Date	Tenement Holder	Trafford Interest
E59/1182	81	18/07/2005	17/07/2015	Independence Group NL	51% Fe Only
E59/1183	90	18/07/2005	17/07/2015	Independence Group NL	51% Fe Only
E59/1982	189	28/08/2014	27/08/2019	Trafford Resources Ltd	100%



Figure 17 Twin Peaks Project Tenement Locations over 1:1,000,000 WA State Geology



## 5.2.2 Agreements

The Twin Peaks and Moorarie Rocks (see below) Joint Venture is an iron ore venture between Trafford and Independence, initially announced to the ASX on 26 March 2012 and formally signed on 15 October 2012, whereby Trafford may earn an 80% equity in the project through milestone exploration expenditure. A summary of the term of the agreement are as follows:

- Trafford to complete 5,000m of drilling within 12 months;
- Trafford may earn 51% of the iron ore rights by spending A\$2Million over two years (inclusive of the 5,000m of committed drilling in year one);
- Trafford may earn an additional 29% in the project by spending a further A\$3Million over an additional 3 years;
- Upon Trafford earning 80%, Independence will have the option to contribute to the Joint Venture or convert its remaining 20% equity to a 1.5% gross revenue royalty on all iron ore produced from the JV projects;
- Trafford will manage the Joint Venture.

Trafford has satisfied the earn-in obligation for 51% of the Twin Peaks Project.

The Joint Venture initially included four additional tenements (E51/1451, E52/2657, E52/2684 and E52/2685) located ~200km to the northeast of Twin Peaks, referred to as the Moorarie Rocks Project. On 17 June 2014, Trafford advised that it had signed a letter of release, returning 100% ownership and management of the Moorarie Rocks tenements back to Independence. Upon the signing of the letter of release both parties agree that Trafford has no further obligations relating to the Moorarie Rocks tenements.

## 5.2.3 Royalties and Taxes

Refer to point 4 above in section 5.2.2.

## 5.3 History

### 5.3.1 Ownership History

The Twin Peaks area has been explored by a number of companies. A brief ownership history is documented below with the exploration history of the area.

### 5.3.2 Exploration History

Exploration within the Twin Peaks tenements date as far back as 1906 when between then and 1960, 84t of copper at an average grade of 16% was produced from the Twin Peaks copper mine at the southern end of the Twin Peaks Greenstone Belt (Figure 18). Between the mid 1960's and mid 1990's the Twin Peaks area was explored by Kennecott Exploration Ltd (Kennecott), Amoco Minerals Australia Ltd (Amoco) and Normandy Poseidon Ltd (Poseidon). Work focussed on outlining further economic copper mineralisation and in 1966 Kennecott defined the Twin Peaks Cu-Ni anomaly and another copper anomaly at Mt Green in the Woolbung Hills.

The most relevant and comprehensive exploration was completed by Amoco and Normandy Poseidon between 1978 and 1994. Amoco explored for volcanogenic exhalative copper-zinc massive sulphides and gold focussing on the area of E59/1182. Normandy Poseidon tested the southern project area for base metals and gold mineralisation within the felsic volcanoclastic Woolbung Sequence. Both companies identified VHMS mineralisation similar to that at Golden Grove which is located 200km to the south-southeast.

Amoco located a semi-continuous zone of lead-zinc-copper-silver mineralisation over 6-7km strike in volcanoclastics and sedimentary units on the eastern side of the belt. This sequence formed part of the Gabanintha Formation which is host to the Golden Grove mineralisation.

The best results from eight diamond drill holes following up surface geochemistry and geophysical targets was 0.6m at 18.01% Zn, 10.65% Pb, 0.1% Cu and 112 g/t Ag at Breakaway Hills; 1m at 1.65% Zn, 0.19% Pb and 3 g/t Ag at Tranquility Heights; and 3m at 1.05% Cu, 0.15 g/t Au and 5.5g/t Ag at Southern Flyer.





Jabiru carried exploration from 2005 to 2011, flying a 100m line spaced aeromagnetic survey and commissioning aerial photography from April to July 2006. A total of 1,837 soil samples were collected over the project area between 2006 and 2007. Samples were collected on a density of 200m x 100m and 400m x 100m. A -1mm +0.5mm size fraction was used and all samples were sent to Genalysis Laboratories and assayed for Au, Cu, Pb, Zn, Ag, Fe, Ni and Sb. Results were encouraging with peak values being 762ppm Cu, 45% Fe, 106ppm Pb, 192ppm Zn, 410ppm As, 102ppb Au, 39ppm Bi and 435ppm Ni. A total of 769 line km of VTEM data was acquired by Geotech Airborne and processed by Resource Potentials, from 2007 to 2008. Flight line spacing was a nominal 100m with a northwest - southeast orientation. The Channel 20 data highlighted some interesting responses. Magnetics data was also acquired and highlighted the Woolbung BIF horizon. A total of 20 rock chip samples were also collected from several gossanous zones. The best result was 2,182ppm Cu, 1,844ppm As and 43ppb Au from a sample collected from a small gossan at the northern end of the greenstone belt.

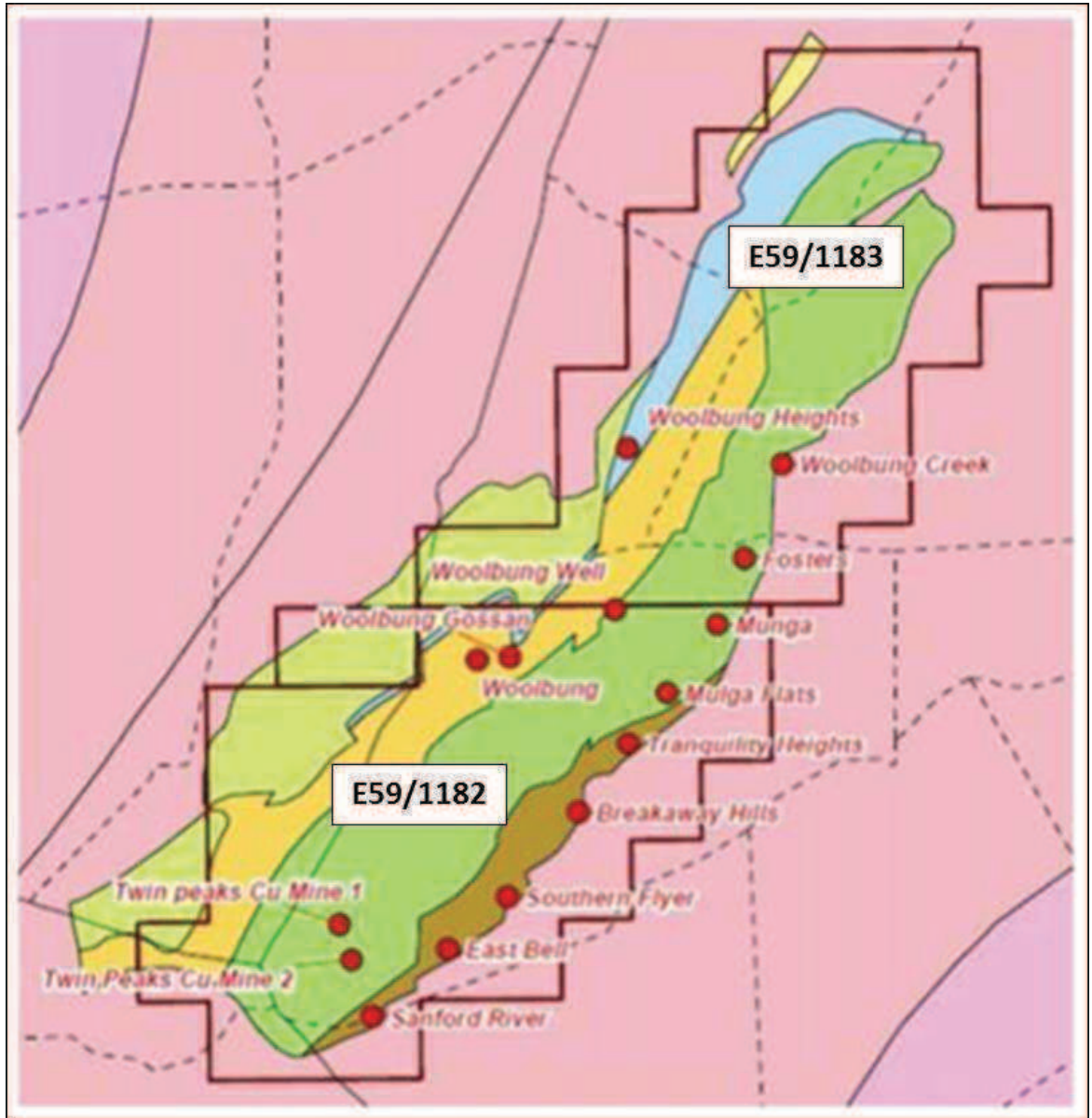
In 2008 - 2009, a total of 769 line km of VTEM data was modelled over the entire Twin Peaks Greenstone Belt. This data identified several significant targets which will require drill testing. The interpreted strike of the VTEM plate models is generally parallel to stratigraphy, however the interpreted length, dip and thickness of individual models is highly variable. Rock chip sampling and geological mapping was also carried out.

Between 2009 and 2010, Jabiru concentrated on site access followed by drill pad construction, carrying out rock chip and soil sampling during this time.

In 2010 - 2011, seven RC holes, labelled 10TPRC001-10TPRC009 were drilled to test VTEM targets at the following prospects for a total of 1,030m and 631 samples: Tranquillity Heights Prospect, Breakaway Hills Prospect, Southern Flyer Prospect, and Twin Peaks Copper Mine (Figure 18).



Figure 18 E59/1182 and E59/1183 showing Prospect Locations over Geology



(Source: Trafford Resources Ltd, 2013, Refer to Figure 17 for geology legend)

Initial interest in the area by Independence was due to anomalous chromite results in a De Beers database, potentially indicating nickel sulphide mineralisation within ultramafic volcanic host rocks. In 2006 GE Resources Pty Ltd (formerly Bullion Resources Ltd) subsidiary Uranium Equities Limited (UEQ) entered into a JV with Independence, with their initial interest in the project for its uranium potential. UEQ withdrew from the JV June 2009 and do not retain any equity in the project.

### 5.3.3 Previous Mineral Resource Estimates

There have been no previous mineral resource estimates in accordance with the JORC Code (2004 or 2012) at the project.

### 5.3.4 Previous Production

Between 1906 and 1960, 84t of copper ore averaging 16% copper were mined at workings north of Twin Peaks Homestead.

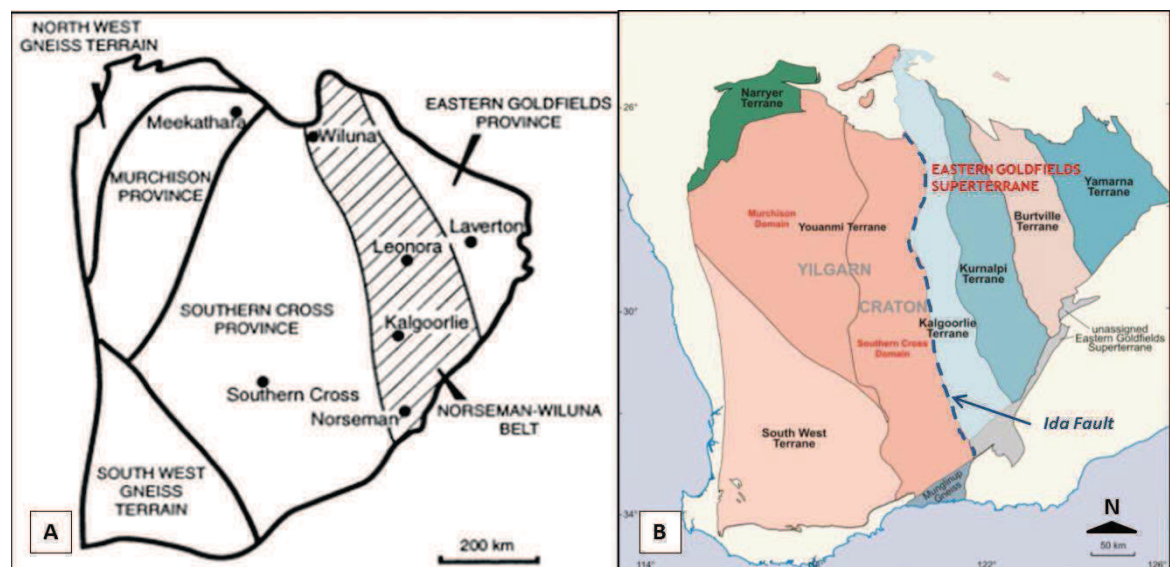


## 5.4 Geological Setting

### 5.4.1 Regional Geology and Mineralisation

The project is located in the Paleo- to Neoproterozoic Yilgarn Craton (Block) of Western Australia - a highly mineralised granite-greenstone terrane with world-class deposits of gold and nickel, and significant iron and volcanic hosted massive sulphide (VHMS) base-metal deposits (Wyche *et al.*, 2012). The earliest widely used subdivision of the Yilgarn Craton (Gee *et al.*, 1981) contained four components - the Eastern Goldfields (containing the Norseman - Wiluna Belt), Southern Cross and Murchison Provinces; and the Western Gneiss Terrane (sub-divided into Northwest and Southwest). According to Wyche (2007), the relationships between these regions were enigmatic, with the boundaries not strictly based on observed geological features (Figure 19 A). Cassidy *et al.*, (2006) divided the Yilgarn Craton into terranes defined on the basis of distinct sedimentary and magmatic associations, geochemistry and ages of volcanism. The Narryer (formerly the Northwest Gneiss) and South West terranes in the west are dominated by granite and granitic gneiss with minor supracrustal greenstone inliers, whereas the Youanmi Terrane and the Eastern Goldfields Superterrane contain substantial greenstone belts separated by granite and granitic gneiss (Wyche *et al.*, 2012). Subsequent revision has further subdivided the Eastern Goldfields Superterrane into the Kalgoorlie, Kurnalpi, Burtville and Yamarna terranes (Figure 19 B; Pawley *et al.*, 2012).

Figure 19 Evolving Understanding of the Yilgarn Craton



(Modified from (A) Gee *et al.*, 1981 and (B) Pawley *et al.*, 2012)

The Ida Fault (Figure 19 B), which marks the boundary between the western Yilgarn Craton and the Eastern Goldfields Superterrane, is a major structure that extends to the base of the crust (Drummond *et al.*, 2000). Greenstone stratigraphies in the western Yilgarn differ from those in the Eastern Goldfields Superterrane in such things as the relative abundance of lithologies (especially komatiite and banded iron-formation) suggesting a substantially different depositional regime. According to Wyche (2007), the greenstones in much of the western Yilgarn are typically older than those in the Eastern Goldfields Superterrane. The major mafic dominated successions in the western Yilgarn, date back to 3.0 Ga (e.g. Pidgeon and Wilde, 1990; Geological Survey of Western Australia (GSWA), 2007), whereas the mafic and felsic successions of the Eastern Goldfields Superterrane were largely deposited after 2.8 Ga (e.g. Barley *et al.*, 2003; GSWA, 2007).

Subsequent regional mapping, geochronology, geochemistry and isotope data suggest that, in the western Yilgarn Craton, the Southern Cross and Murchison Provinces of Gee *et al.*, (1981) do not represent allochthonous terranes that have come together during an accretionary event. Wyche (2007) describes a likely formation as part of the 3.0 - 2.7 Ga proto-Yilgarn Craton, to which the



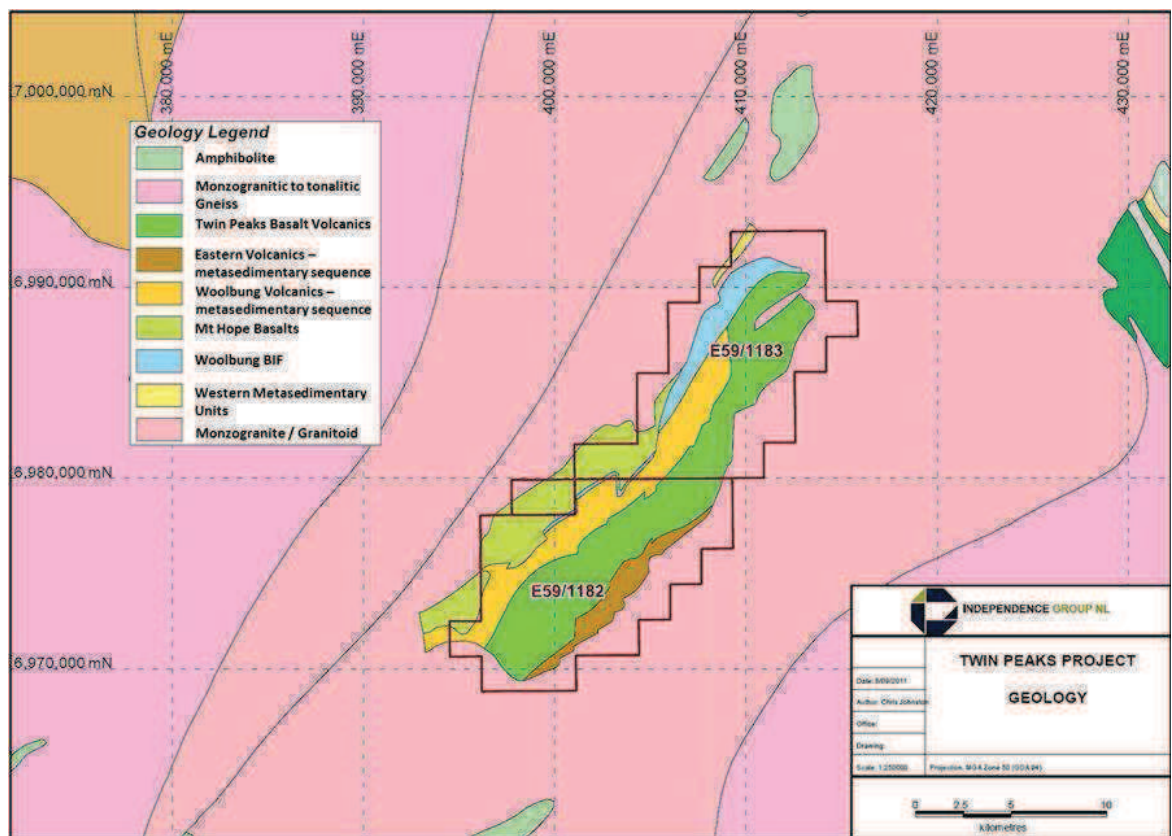
elements of the Eastern Goldfields Superterrane accreted after 2.7 Ga. As they are no longer considered to be provinces in the strict sense (Cassidy *et al.*, 2006), they are now called the Murchison and Southern Cross domains within the Youanmi Terrane (Figure 19 B).

Over the past ~20 years, the acquisition of large datasets and major advances in the understanding of the geological evolution of the Yilgarn Craton at all scales have encouraged the application of the holistic mineral systems approach to mineral exploration as a tool for developing targeting criteria, particularly for nickel and gold (McCuaig *et al.*, 2010).

#### 5.4.2 Project Geology

The Twin Peaks Project is located within the 1:250,000 Murgoo SG50-14, and the Murgoo 2143 and Billabong 2043 1:100,000 Geological Sheets. Both tenements overlie the Twin Peaks greenstone belt which is part of the Murchison domain of the Archaean Yilgarn Craton (Figure 19). This belt is defined as a 20km long, 10km wide syncline, comprising rocks of the Illimbirrie Formation surrounded by granitic rocks. Minor gold and base metals have been associated with mafic and felsic rocks and have historically been the target of mineral exploration within the Twin Peaks Belt. Significant Banded Iron Formation (BIF) is present within the Woolbung Volcano-Sedimentary Sequence which runs for 19km, 15km of which are exposed. The BIF's within this sequence are believed to have potential for economic deposits of Direct Shipping hematite Ore (DSO) at a number of locations along the belt with additional potential for primary magnetite ore. The geology of the project area is shown in Figure 20.

Figure 20 E59/1182 and E59/1183 showing Interpreted Geology



##### 5.4.2.1 Woolbung Peak Prospect

This area is dominated by a solitary hill of exposed massive hematite and BIF. The magnetic signature of this area is very different than that of the Coongathar Zone and so is believed not to be part of it. The hill occurs at the nose of a structurally complex, steeply southwest plunging subvertical to vertical tight syncline, measuring 650m long and up to 400m wide. It is overturned



along its northwest extension and consists of multiple bands of BIF and chert with thin bands of chlorite ± talc ± schist, fine to locally coarse grained quartz muscovite schists and hematitic felsic schists.

#### 5.4.2.2 *Coongathar Zone*

This regional structures' southern exposure begins ~3.75km north-northeast of Woolbung Peak and trends uninterrupted for ~8km north-northeast and is defined very clearly in aeromagnetic data. The structure is interpreted as forming a tight synclinal structure with thickness varying from 200m to 800m. It consists of interbedded BIF - chert sequences with interbedded felsic volcanic rocks, siltstone and shale (locally carbonaceous). A third of this zone is covered by laterite / scree; however there is sufficient outcrop to indicate that the strike of the BIF-chert sequence continued beneath the laterite.

Both the Big Lunch and Billy Tea Prospects occur in the Coongathar Zone and share similar geology, that being interbedded BIF - chert, with minor felsic volcanic and volcanoclastic rocks. Both have been tightly to isoclinally folded parallel to strike and disrupted by open to locally tight cross folds. The BIF units vary in thickness from several meters to 85m, and consist of massive to thinly bedded hematite or limonite-goethite BIF.

#### 5.4.2.3 *Jl Zone*

The Jl Zone is a poorly exposed, strongly weathered, geological horizon that is lateritised where exposed. It diverges from the Coongathar Zone at the Pleiades Prospect, striking northeast for 5km. Its width varies from 100m near Pleiades to 300m near its northern extremity. The bottom two thirds of the structure is poorly exposed, being mostly covered by colluvium (commonly pisolitic), with occasional laterite / lateritised BIF exposures. The northern third is better exposed showing significant limonite - goethite - martite mineralisation which is thought to be a precursor of massive hematite at depth. The northern third is known as the Three Ayes Prospect.

The Pleiades Prospect occurs at the junction of the Coongathar and Jl Zones and contains characteristics of both zones. It contains linear interbedded hematitic to siliceous BIF with bands of massive hematite at surface. Units are steeply dipping in a westerly direction. It is open along strike to the north and south with the footwall being largely covered by scree and colluvium. At depth the BIF has been shown to be banded to massive magnetite indicating a potential for further iron mineralisation under cover to the east.

The Three Ayes Prospect is located on the north-eastern end of the Jl Zone along strike with Pleiades and shows similar surface lithology. Several lateritised thin bedded limonite-goethite-martite BIF's were located during field mapping. One area showed scattered outcrops and subcrops of this material over a 60m width. The length of the Three Ayes Prospect is approximately 1.1km and may be open to the south-west.

#### 5.4.3 **Controls on Mineralisation**

Significant Banded Iron Formation (BIF) is present within the Woolbung Volcano-Sedimentary Sequence which runs for 19km, 15km of which are exposed. The BIF's within this sequence are believed to have potential for economic deposits of Direct Shipping hematite Ore (DSO) at a number of locations along the belt with additional potential for primary magnetite ore.

### 5.5 **Exploration Results and Potential**

#### 5.5.1 **Recent Exploration Activities**

In February 2013, Trafford completed a successful 5,076m RC drill program across both Twin Peaks tenements. The program proved continuous DSO hematite from surface to 145m depth at the Woolbung Peak Prospect, considerable potential for economic magnetite BIF at the Big Lunch, Billy Tea, and Pleiades Prospects as well as potential for Channel Iron Deposits (CIDs) within the Twin Peaks drainage system. A first pass 53 hole RC drill program for 5,076m was conducted over various prioritised target areas.

Priority open cut DSO hematite targets showing significant results included:

1. Woolbung Peak - 18 drill holes for 2,912m



- 13TPRC002 31m (38-69m) @ 63.56 % Fe, inc. 5m (57-62m) @ 68.19%
  - 13TPRC003 17m (79-96m) @ 64.38 % Fe, inc. 6m (90-96m) @ 67.71%
  - 13TPRC015 22m (62-84m) @ 65.35 % Fe, inc. 6m (67-73m) @ 68.20 % Fe
2. Pleiades - two drill holes for 400m
    - 13TPRC017 (Oxidised) 38m (12-50m) @ 38.82 % Fe, inc. 6m (12-18m) @ 54.1% Fe
    - 13TPRC017 (Magnetite) 36m (53-89m) @ 34.1 % Fe, and 21m (123-144m) @ 44.78% Fe
    - 13TPRC018 (Magnetite) 47m (72-119m) @ 35.24% Fe, and 36m (170-206m) @ 33.4% Fe
  3. Big Lunch - four drill holes for 390m
    - TPRC024 (Oxidised) 18m (5-23m) @ 47.2 % Fe, inc. 5m (13-18m) @ 51.05 % Fe
    - 13TPRC026 (Oxidised) 24m (12-36m) @ 49.72 % Fe, inc. 16m (16-32m) @ 54.5 % Fe
    - 13TPRC024 (Magnetite) 21m(64-85m) @ 32.97% Fe
  4. Billy Tea - four drill holes for 271m
    - 13TPRC028 (Magnetite) 14m(40-54m) @ 34.12% Fe

Priority open cut CID targets drilled, with significant results, include:

1. E-W CID - Ten drill holes for 459m
  - 13TPRC 045 (E-W CID) 5m (21-26m) @ 35.05 % Fe
2. Surprise Extension - Five drill holes for 240m
  - 13TPRC048 (Surprise Extension) 4m (29-33m) @ 37.88 % Fe
3. Gravem - Four drill holes for 207m
4. El Cid South - Five drill holes for 209m

Several small (1-2m) intervals of massive pyrite were also intersected during drilling at the Woolbung Peak Prospect. The most significant intersection was recorded in hole 13TPRC052 where a 17m interval of massive pyrite was recorded between 138m to 155m. Some elevated silver values were recorded but no other base metals were noted.

During the period of the 19th of July 2013 to the 18th of July 2014, Trafford conducted ongoing due diligence of the project's exploration potential. This involved: detailed desktop studies with review and analysis of available datasets, a partial release of several tenement blocks over both tenements of the Twin Peaks JV Project, an application for extension of term, and planning of the next phase of drilling around the Woolbung Peak Prospect. A voluntary relinquishment of eight blocks from E59/1182 and five blocks from E59/1183 was also carried out.

### 5.5.2 Exploration Potential

The magnetite iron ore potential for the Twin Peaks area is still very encouraging with 19km of BIF running between E59/1182 and E59/1183.

On an individual basis, Ravensgate provides the following comments on the tenements of the Twin Peaks Project:

- E59/1182: Drilling results indicate that the Woolbung Peak Prospect has potential to develop into a boutique open pit, low stripping ratio high grade DSO hematite deposit with low associated contaminants. Following the acceptance of the 1 year term of extension, Trafford plans on further defining the resource at the Woolbung Peak Prospect, as well as complete the first pass drilling at the Three Ay's Prospect. This drill program, associated with the appropriate metallurgy and pre-feasibility studies, would enable TRF to earn 80% equity in the Twin Peaks JV tenements.
- E59/1183: The tenement hosts the Pleiades, Big Lunch and East-West CID prospects, which have potential for economic magnetite BIF.



- E59/1982: This tenement is a large exploration licence that has been recently granted (August 2014) with little work carried out, over a predominantly granitic / gneissic basement.

### 5.5.3 Constraints to Further Exploration Success

Given current market conditions and an unstable iron ore price over recent years, further direct exploration of the magnetite ore within these tenements will be put on hold until interest/funding becomes available.

### 5.6 Mineral Resources

There are no mineral resources in accordance with the JORC Code (2004 and 2012) reported on the project area.



## 6. LYNAS FIND PROJECT

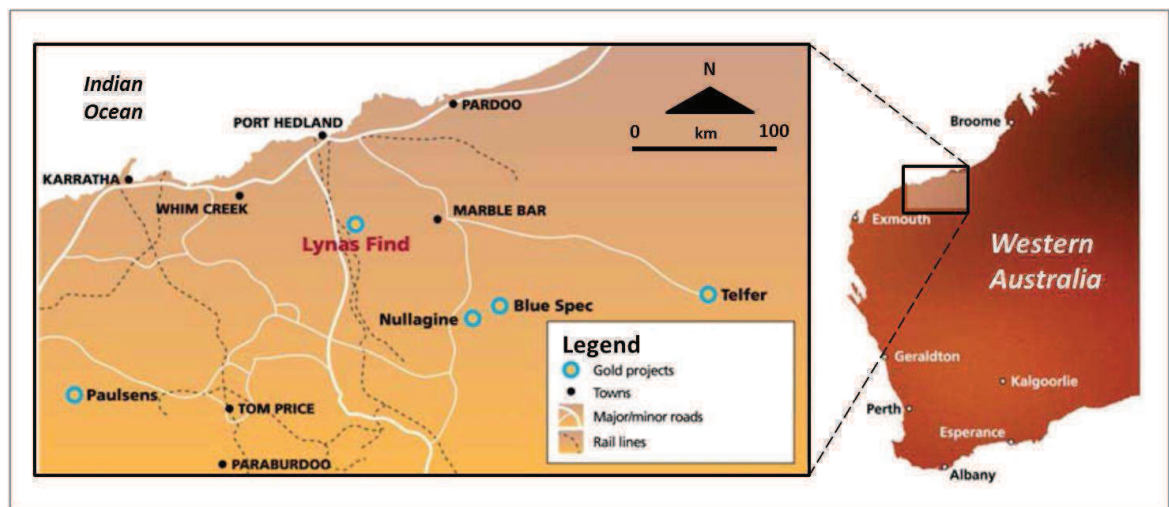
### 6.1 Introduction

The Lynas Find Project is comprised of twelve granted Prospecting Licenses - P45/2628, P45/2629, P45/2764 - P45/2773, and one Exploration Licence - E45/2375. In addition to gold, the area has been known historically for its copper-lead-zinc and tin-tantalum-lithium mineralisation.

#### 6.1.1 Project Location

The tenements lie on the Wallareenya Pastoral lease, ~100km south of Port Hedland within the Pilbara Mineral Field of Western Australia (Figure 21).

*Figure 21 Regional Location of the Lynas Find Project and Proximal Infrastructure*



(Source: Modified from Alloy Resources Ltd, 2013)

#### 6.1.2 Access

The project is accessed from the Great Northern Highway (National Highway 95), or the Port Hedland - Wittenoom Road heading south from Port Hedland, then by unsealed roads and tracks heading east into the project area.

#### 6.1.3 Supporting Infrastructure

Transport infrastructure in the project area is very good, being proximal to the Great Northern Highway and the Port Hedland - Wittenoom Road, both ~30km and ~20km to the west, respectively. The Wodgina airstrip is ~30km to the southwest, with a rail line to Port Hedland also within ~20km to the west (Figure 21).

#### 6.1.4 Geopolitical Environment

Refer to section 3.1.4.

### 6.2 Ownership and Tenure

#### 6.2.1 Project Ownership and Relevant Interests

The tenements form two contiguous blocks, which for the purpose of this report have been termed the Iron Stirrup and Mount York blocks (Figure 22). The Iron Stirrup block comprises tenements P45/2764 - P45/2767, P45/2628, P45/2629, and E45/2375 and includes the Iron Stirrup, Old Faithful, Darius and Cleopatra prospects. They cover an area of 18.63km<sup>2</sup>. The Mount York block comprises tenements P45/2768 - P45/2773 and includes the Main Hill, Breccia Hill, Gossan Hill, Western Granite Margin, and Zakanaka prospects. These tenements cover an area of 10.29km<sup>2</sup>. All prospecting tenements are 100% held by Trafford as owner/operator. The rights to the lithium,





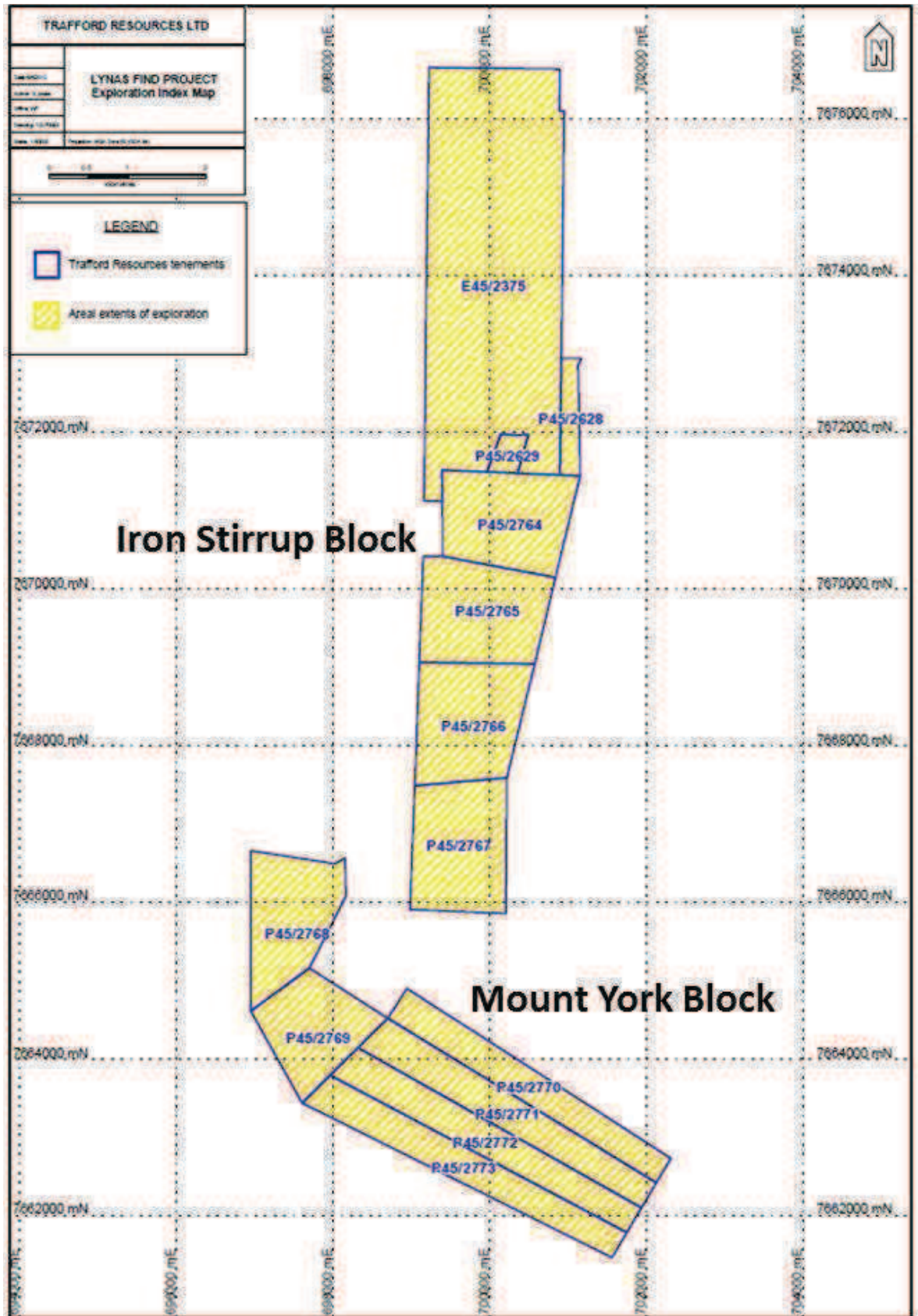
tin and tantalum over the Exploration Licence, E45/2375, are held by Lithex Resources with Trafford owning 80% of the gold rights only. South Boulder Mines holds the 20% remaining interest in the exploration licence. Tenement details are given in Table 9 below.

**Table 9** *Lynas Find Project Tenement Details*

Exploration Licence	Area (km <sup>2</sup> )	Grant Date	Expiry Date	Tenement Holder	Trafford Interest
E45/2375	9	13/02/2006	12/02/2015	Trafford Resources Ltd	80% (Au Only)
P45/2628	0.36	21/11/2008	20/11/2016	Trafford Resources Ltd	100%
P45/2629	0.19	21/11/2008	20/11/2016	Trafford Resources Ltd	100%
P45/2764	1.95	29/04/2011	28/04/2015	Trafford Resources Ltd	100%
P45/2765	2.00	29/04/2011	28/04/2015	Trafford Resources Ltd	100%
P45/2766	1.99	29/04/2011	28/04/2015	Trafford Resources Ltd	100%
P45/2767	1.99	29/04/2011	28/04/2015	Trafford Resources Ltd	100%
P45/2768	1.71	29/04/2011	28/04/2015	Trafford Resources Ltd	100%
P45/2769	1.51	29/04/2011	28/04/2015	Trafford Resources Ltd	100%
P45/2770	1.63	29/04/2011	28/04/2015	Trafford Resources Ltd	100%
P45/2771	1.81	29/04/2011	28/04/2015	Trafford Resources Ltd	100%
P45/2772	1.79	29/04/2011	28/04/2015	Trafford Resources Ltd	100%
P45/2773	1.84	29/04/2011	28/04/2015	Trafford Resources Ltd	100%



Figure 22 Lynas Find Project Tenement Locations



## 6.2.2 Agreements

Trafford signed a joint venture agreement in 2006 with Montezuma Mining Company Limited over EL 45/2375 (35.3km<sup>2</sup>). In April 2011, the Prospecting Licences were granted 100% to Trafford - Trafford previously had an agreement on the Prospecting Licences with Cazaly Resources in 2006, but dropped its interest in 2010, before reapplying for the ground 100% in 2011.

## 6.2.3 Royalties and Taxes

Historically, a royalty of \$1/t for ore mined (payable to Mr Fox) existed on the Lynas Find property. McMahon Mining Title Services Pty Ltd has advised that this interest has been extinguished.

## 6.3 History

### 6.3.1 Ownership History

Refer to section 6.3.2 below.

### 6.3.2 Exploration History

During the late 1960's early 70's the area immediately south of the Project area was explored for nickel, copper and gold mineralisation by Picklands Mather & Company International. Surficial exploration activities comprising geological mapping, geochemical soil sampling and ground magnetic surveys identified anomalous nickel values up to 1.2% Ni within gossanous material. Anomalous samples were subsequently followed up with costeans and percussion and diamond drilling. The diamond drilling indicated very low copper values associated with high background nickel values in the serpentinite and low copper and nickel values within the contact zone of the ultramafic sill. Picklands Mather & Co. decided to withdraw from the area in 1970.

Between 1966 and 1968 the Electrolytic Zinc Company of Australasia Limited explored pegmatites in the area for lithium, tin and tantalum mineralisation. A considerable tonnage of mineralised pegmatite was identified, however it was deemed not economically feasible to mine the deposit and so they withdrew from the area in 1970.

Esso Exploration and Production Australia Inc. explored the Mount York area for base metals between 1973 and 1974. A major gossan was located within an Archaean BIF. Diamond drilling of the gossan intersected significant, low order gold mineralisation in the primary zone. During 1983 and 1984, diamond drilling of the primary zone by Austmax Resources indicated extensive sub-economic gold mineralisation. In 1985 Carpentaria Exploration Company Pty. Ltd (Carpentaria), in joint venture with Austmax, began exploring the secondary mineralisation potential of the area. Carpentaria obtained a 100% interest in the project in 1998. RC and diamond drilling showed the Mount York deposit to occur over a strike length of 3km within BIF. A significant resource of secondary mineralisation of around 80,000t of 2.5 to 3.0 g/t gold was defined. Carpentaria sold the project to Lynas Gold NL in 1993. During 1994, Lynas Gold NL RAB drilled an area to the east and southeast of Main Hill and Breccia Hill. At Gossan Hill three holes intersected > 0.5 g/t gold over 4m with the best intersection of 1.45g/t Au from 8 - 12m in GHR 3.

Amax Iron Ore Corporation explored the Iron Stirrup section of the project area for gold mineralisation in the early 1980's. Exploration activities included mapping, costeaning, surface sampling and percussion drilling. From 1987 to 1995 Lynas Gold NL explored the Iron Stirrup area further with IP and ground magnetic surveys, geological mapping, geochemical soil sampling, RAB, RC and diamond drilling. RC drilling at the Darius prospect, 2km south of Iron Stirrup confirmed the presence of two north-striking zones of gold mineralisation, with intercepts of 10m @ 9.07g/t Au (holes DS37 & DS48) and 6m @ 2.2g/t Au (hole DS60) from the Western and Eastern Lodes respectively. RAB drilling along strike of both Lodes at Darius failed to intersect gold mineralisation beyond the confines of the original gold soil anomaly. The RC drilling at Cleopatra defined a zone of continuous high grade gold mineralisation over a 50m strike. Significant intersections included 6m @ 29.58g/t Au from 10m in hole CTR10 and 4m @ 70.13g/t Au from 11m in hold CTR27. At Old Faithful RC drilling of Zone C restricted this zone to the immediate vicinity of line 6200mN. Significant intersections from the program included 33m @ 1.32g/t Au from 66m and 6m @ 2.01g/t Au from 110m in hole OF207 and 6m @ 1.73g/t Au from 54m and 6m @ 1.94g/t Au from 90m in hole OT208 (Davies, 1994). RAB drilling of Zone B indicated that the zone



terminated south of line 5925mN. The best intersections were from hole OF215 with 3m @ 5.76g/t Au from 20m and 7m @ 2.41g/t Au from 45m. Deep RC drilling at the Iron Stirrup prospect proved that the gold mineralisation, with slightly lower grades than seen at the surface, extended to 200m below the surface. Shallower resource drilling indicated that high grade shoots exist within the main envelope of lower grade gold mineralisation.

Lynas Gold NL's 1997 exploration activities included geochemical soil sampling at the Western Granite Margin prospect and RC drilling at the Iron Stirrup North and South, Main Hill North, Darius South and Western Granite Margin prospects. The soil sampling along the western edge of the greenstone belt defined substantial gold-in-soil anomalies trending parallel to the granite-greenstone contact over a distance exceeding 2km and in part forming a north-western strike extension of the Main Hill-Breccia Hill line of mineralisation.

RC drilling of selected gold-in-soil anomalies along strike of the Main Hill-Breccia Hill trend intersected variably pyritic cherts and sandstones within mafic-ultramafic volcanics with a best intersection of 12m @ 2.03g/t Au from drill hole WSRC 02. Drilling at Main Hill North targeted a parallel shear immediately to the north of the Main Hill orebody. Several significant intersections were obtained including 4m @ 3.97g/t and 2m @ 3.27g/t Au.

To the north, RC drilling at Iron Stirrup intersected the northern and southern extensions of the shear zone, however only minor gold mineralisation was encountered with a best result of 7m @ 1.49g/t Au from drill hole ISRC 59. Drilling at Darius South failed to intersect any significant mineralisation.

### 6.3.3 Previous Mineral Resource Estimates

On 17 March 2008, Trafford released a JORC Code (2004 Edition) compliant Measured and Indicated gold resource for the Old Faithful Deposit to the ASX of 933,400t @ 1.65g/t Au, for 49,515oz Au, which was previously reported by Lynas Gold NL.

### 6.3.4 Previous Production

Mining commenced at the Breccia Hill and Main Hill pits in late 1994. Mining activities were then diverted to the Iron Stirrup deposit and both the Iron Stirrup and Zakanaka pits were mined during 1997. A pit wall collapse at the Iron Stirrup open-cut occurred during a time of depressed gold prices. At that time Lynas Gold NL was very keen to relocate the Lynas Find treatment plant to the Paraburdoo Gold Project, a new project with Sipa Resources at Mount Olympus. These factors prompted Lynas Gold NL to cease mining operations altogether leaving in-situ the remaining goodby-cut from the Iron Stirrup mine and the proposed cut-backs at the Breccia Hill and Main Hill pits.

Between 1994 and 1998 the Lynas Find Gold Project recovered 125,493 ounces of gold from 2,113,908t of ore with an average grade of 1.85g/t Au. Annual production is shown below in Table 10.

*Table 10 Lynas Find Gold Project Historical Production*

Period Ending	Tonnage	Grade (Au)	Annual Production	Operator
30/06/1998	291,000	1.39g/t	13,014oz Au	Lynas Gold NL
31/12/1997	655,000	1.97g/t	41,396oz Au	Lynas Gold NL
31/12/1996	674,000	1.71g/t	37,186oz Au	Lynas Gold NL
31/12/1995	493,000	2.16g/t	33,897oz Au	Lynas Gold NL

## 6.4 Geological Setting

### 6.4.1 Regional Geology and Mineralisation

The Lynas Find Project lies within the Pilgangoora Greenstone Belt of the Archaean Pilbara Craton. The Pilbara Craton is dated at ~3.5 - 2.7Ga and composed of greenstone and sedimentary units



which have been deformed by tight isoclinal folds during the intrusion of diapiric granites, forming a dome and keel pattern (Van Kranendonk *et al.*, 2004, 2007) that can be seen in Figure 23. The Pilgangoora Greenstone Belt covers an area of about 600km<sup>2</sup> and forms the western part of the large central greenstone belt of the east Pilbara. The Carlindi Batholith bounds the greenstone belt to the northeast and northwest, the Yule Batholith lies to the southwest and the internal Strelley granitoid lies to the east.

**Figure 23** Satellite Image and Geological Map of the Eastern Pilbara Craton



(Source: Modified from Van Kranendonk *et al.*, 2004, 2007)

The Pilgangoora Greenstone Belt is dominated by the Pilgangoora Syncline which contains a sequence of steeply dipping, inward younging volcano-sedimentary rocks belonging to the two lower groups of the Pilbara Supergroup, the Warrawoona and Gorge Creek Groups. The Warrawoona Group dominates the lithology of the synclinal limbs, whilst the Gorge Creek Group conformably overlies the Warrawoona Group and dominates the lithology within the synclinal core. Throughout the Pilgangoora Syncline, major D<sub>2</sub> fold axes of the synclinal core have been rotated by two major D<sub>3</sub> conjugate folds associated with faults and quartz veining (Hickman, 1983).

#### 6.4.2 Project Geology

The geology of Lynas Find is shown in Figure 24. The western edge of the Pilgangoora Syncline is stoped out by regional granite, partly along north striking faults. A gently dipping, anticlinal domed dolerite exhibiting high deformation structures lies on the western side of the syncline. Gently dipping pegmatite sills associated with the waning phase of granite intrusion intrude the dolerite. These pegmatites are the source of tantalum - lithium mineralisation in the area.

A serpentinised peridotite forms a semi-continuous member along the eastern edge of the dolerite. Just north of the Zakanaka gold deposit, the peridotite is structurally thickened and swings around the doleritic anticlinal core to strike north-northwest. A mixed suite of talc-carbonate-chlorite schists, peridotite and dolerite lie to the east of the serpentinised peridotite. This hybrid suite is extensively developed to the west of Old Faithful and contains a thin chert marker horizon and heavily brecciated, coarsely amphibolitised lenses. This suite is missing at Iron Stirrup and the serpentinised peridotite is in direct contact with the Iron Stirrup ultramafic.

The Iron Stirrup ultramafic is the main host rock for gold mineralisation at the Old Faithful, Iron Stirrup and Darius prospects. The unit is dominantly talc-carbonate schist with some talc-carbonate-chlorite and talc-chlorite assemblages. The suite is highly deformed and is thought to have volcanic and komatiitic affinity, possibly in association with Archaean sea-floor spreading or rifting. The schist diverges southward from the northern parts of the Old Faithful deposit. Drilling and mapping of this area have shown that the schist is in fact part of the Iron Stirrup ultramafic.



A suite of black to glassy cherts interbedded with silicic volcanics and/or tuffs lie to the east of the Iron Stirrup ultramafic. This sequence can be traced as a continuous unit through the Project area adjacent to the Iron Stirrup ultramafic. To the east of the felsic-chert sequence lies a broad, sparsely outcropping basalt unit. Interflow silicic layers or folded remnants of thin felsic-chert units are observed with the basalts to the south-east of the Iron Stirrup and Old Faithful prospects. A major zone of intermediate volcanics lies to the south of Iron Stirrup. The unit contains chlorite, epidote and thin, possibly interflow, chert-limonite lenses, which are sometimes quartz veined and gossanous in appearance. The Cleopatra deposit is contained within a suite of chlorite-epidote altered andesitic volcanics.

The Mount York tenements lie on the eastern limb of the Pilgangoora Syncline. The area contains the older Warrawoona Group of basalts, felsic volcanics, sedimentary units and cherts and the younger Gorge Creek Group of medium to coarse grained clastic sedimentary units and schists. These have been metamorphosed to upper greenschist-lower amphibolite grade facies. Gold mineralisation in the area is contained within an Archaean BIF.

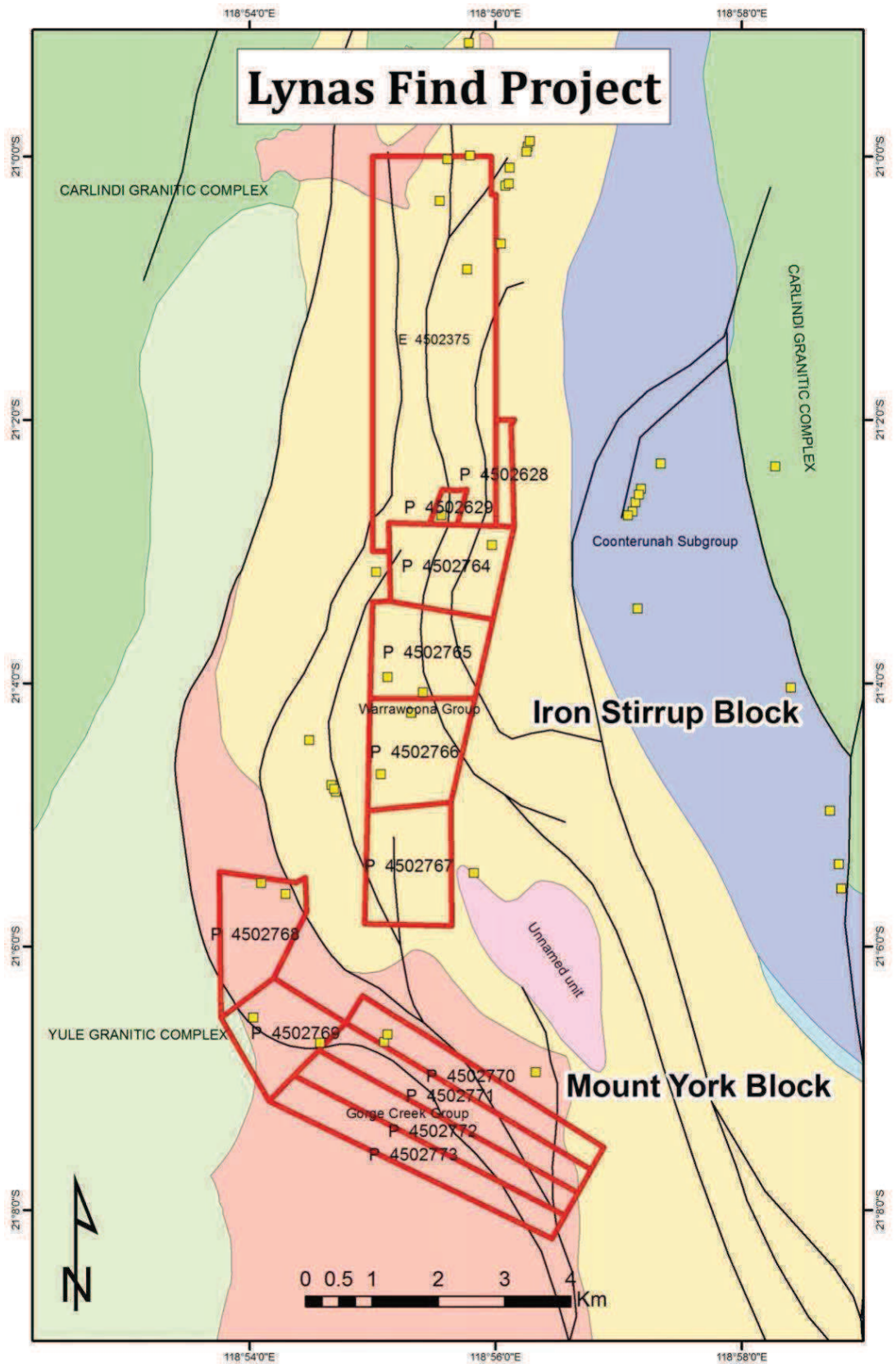
The BIF is thought to correlate with the upper part of the Euro Basalt - one of the upper members of the Warrawoona Group which consists of a mafic volcanic sequence between 150 to 450m thick. The BIF is unconformably overlain to the southwest by a lenticular pebble-cobble conglomerate horizon up to 15m thick belonging to the Lalla Rookh Sandstone of the Gorge Creek Group. The basal zone of the conglomerate may be sheared and contains coarse pyrrhotite, minor arsenopyrite-loellingite, trace pyrite, chalcopyrite, sphalerite and sub-economic gold mineralisation (Koning, 1990).

Three units have been observed within the BIF:

1. Basal unit of finely laminated shale up to 10m in thickness, overlain by a highly siliceous chert horizon with regular chert and thin intercalated stilpnomelane bands and porphyroblasts of pink garnet.
2. The middle unit contains cummingtonite-grunerite with recrystallised chert bands, magnetite and traces of pyrrhotite, arsenopyrite and anomalous, but sub-economic gold mineralisation.
3. The upper unit is a siliceous cummingtonite-grunerite chert up to 40m in thickness. The intense shearing within the unit is associated with strong concentrations of pyrrhotite, arsenopyrite-loellingite, minor gold and trace chalcopyrite, galena and sphalerite.



Figure 24 Lynas Find Project, 1: 500,000 Geology, and Gold Occurrences (Yellow Squares)



### 6.4.3 Controls on Mineralisation

Sub-economic gold mineralisation has been intersected within the primary sulphide zone associated with shears in the BIF horizon over a strike length of 3km. By 1990, three ore shoots had been delineated within the secondary zone, two at Main Hill, the other at Breccia Hill. The mineralisation is shear controlled and is associated with limonite, secondary silica, graphite, pyrolusite and supergene gold.

## 6.5 Exploration Results and Potential

### 6.5.1 Recent Exploration Activities

During January 2008, an RC drilling program of 29 holes, totaling 3,831m, was carried out by Trafford over the Lynas Find tenements.

Three areas were targeted for drilling:

- At the Old Faithful Prospect where an in-situ JORC Code (2004 Edition) Compliant Resource of 49,515oz Au has been previously defined. Drilling here was aimed at extending the current resource by testing areas which had not been closed off by previous drilling.
- At the grass roots prospects, Tourmaline Hill and Darius, where previous surficial anomalies had not been adequately followed up. These sites were targeted as potential areas of mineralisation along the same regional shear structure that most other Au deposits in the area have been related to.

During late 2008, a total of nine RC holes were drilled for a total of 1,272m. Confirmatory holes drilled within the main known host structure reported grades of up to 2m @ 6.62g/t Au including 1m @11.2g/t Au. Eleven RC holes for a total of 1,486m were drilled at Tourmaline Hill over four section lines with a maximum value of 1.21g/t Au intersected. Nine RC holes were drilled by Trafford at the Darius Prospect for a total of 1,074m. The Trafford drill program at Darius was originally planned for 15 holes but due to the lack of sulphide mineralisation or significant alteration within the first nine RC holes it was decided that no further holes were necessary.

Trafford has recently undertaken extensive work on Lynas Find to identify areas of possible resource extension in addition to identifying new exploration targets. A number of facts were concluded from the work on the Lynas Find Project which includes:

- Reinterpretation of existing resources and historic pit data is essential to evaluate down dip potential and plan future drill programs.
- In addition to known resources and mining areas within the leases, exploration potential remains identified by geochemistry which is yet to be tested by drilling.

### 6.5.2 Exploration Potential

Exploration potential exists at Lynas Find with several geochemically defined targets yet to have been adequately tested.

In the Northern Iron Stirrup tenement block the main area where exploration so far has been largely focused is on the western limb, the eastern limb may well become an important exploration target for future work as there are areas known to be prospective.

On an individual basis, Ravensgate provides the following comments on the tenements of the Lynas Find Project:

- E45/2375: The south of the tenement hosts the northern extension of the Old Faithful deposit. The McPhees deposit is located, off licence, to the northeast and the Littlefoot prospect has returned rock chips up to 4.1g/t Au, coincident with a gold-in-soil anomaly. Follow up shallow RC drilling intersected numerous zones with grades greater than 2g/t Au with a highlight of 1m @ 2.6g/t Au in hole LFRC2. This drilling however failed to test as far south as the 2.98g/t Au rock chip sample thereby making this area a high priority exploration target.
- P45/2628: This is a small north-south licence to the east of the Littlefoot prospect and does not contain any identified prospects.





- P45/2629: A small licence containing the historic Old Faithful pit. Although a resource is reported in this area, it is not seen as being current by Trafford.
- P45/2764: The licence contains the Tourmaline Hill prospect and also covers the southern extent of the Old Faithful deposit.
- P45/2765: This was the key area for historic mining, hosting the Iron Stirrup pit and the processing plant - which has since been relocated.
- P45/2766: The Darius prospect is located on the western side of the licence.
- P45/2767: The licence does not contain any identified prospects, but covers the southwest fold area of the belt.
- P45/2768: Contains the Zakanaka historic pit. RAB drilling of a gold in soil anomaly at the West Granite Margin prospect located to the North West of the Main Hill mine and along the same host structure returned intersects of up to 12m @ 2.03g/t Au, in hole WSRC02.
- P45/2769: Positive results have been returned between the historic Main Hill and Breccia Hill pits, with potential to possibly join the two pits together.
- P45/2770: The licence hosts the Mt York and Gossan Hill deposits. Near the Breccia Hill mine, RAB drilling at the Gossan Hill prospect returned 4m @ 1.45g/t Au in hole GHR3. Follow up drilling to the initial scout holes is required in these areas to re-evaluate the exploration potential of the Mount York tenements.
- P45/2771: The licence hosts the possible extension of the Breccia Hill pit.
- P45/2772: The licence hosts the southern area of the belt and is untested.
- P45/2773: As above.

### 6.5.3 Constraints to Further Exploration Success

Historically the Lynas Find project was mined on gold prices of less than US\$400/oz. with costs around US\$300/oz.; further assessing economic viability of the project based on recent gold prices as well as identifying additional resources could warrant a scoping study on the project. Interpretation of both Trafford's and historic drilling, however, concluded that significant potential remains for additional resources below the historical pits and along strike.

## 6.6 Mineral Resources

The resource referred to in section 6.3.3 is not considered current by Trafford and therefore there are no current Mineral Resource estimates in accordance with the JORC Code (2004 or 2012) at the project.



## PART 3: IRONCLAD TECHNICAL PROJECT REVIEW

### 7. WILCHERRY HILL IRON PROJECT

#### 7.1 Introduction

In July 2007, IronClad entered into a joint venture with Trafford to develop the Wilcherry Hill Iron Project (WHIP). IronClad has since progressed key aspects of the WHIP, increasing the resource size five-fold and bringing it closer to production by undertaking detailed geological, mine development, metallurgical, environmental, social and infrastructure studies and approvals. The project comprises the mining of iron ore at Wilcherry Hill, road transportation to a port at Lucky Bay and export of the ore by transshipment to offshore vessels. It is intended to develop the WHIP in two stages. Initially Stage 1 consists of mining of three iron ore deposits. These deposits contain both high grade iron ore suitable for direct shipping ore and lower grade iron ore suitable for beneficiation using a simple dry magnetic separation process. Stage 2 involves the mining of additional deposits and beneficiation of the ore using a wet gravity separation process.

##### 7.1.1 Project Location

Refer to section 3.1.1.

##### 7.1.2 Access

Refer to section 3.1.2.

##### 7.1.3 Supporting Infrastructure

Refer to section 3.1.3.

Export of the iron ore product is proposed to be carried out through the Lucky Bay export facility. Sea Transport SA Pty Ltd, the owner of the existing ferry harbour at Lucky Bay, will construct an extension to the harbour, deepen the existing harbour and dredge the seaward approach channel to suit IronClad's proposed operations. An 80 person accommodation village located in Kimba was completed in December 2011.

##### 7.1.4 Geopolitical Environment

Refer to section 3.1.4.

#### 7.2 Ownership and Tenure

Tenement details are given in Table 11 below and shown spatially in Figure 3.

*Table 11 Wilcherry Hill Iron Project Tenement Details*

Licence	Area (km <sup>2</sup> )	Grant Date	Expiry Date	Tenement Name	Tenement Holder	IronClad Interest
EL5470	66	29/07/14	28/07/2016	Valley Dam	Trafford Resources Ltd	80% of Fe
EL5299	387	01/07/13	30/06/2015	Wilcherry Hill	Trafford Resources Ltd	80% of Fe
EL5164*	115	13/11/12	12/11/2014	Eurilla Dam	Trafford Resources Ltd	80% of Fe
EL4421*	408	12/01/10	20/01/2015	Peterlumbo	Trafford Resources Ltd	80% of Fe
ML6390	40.25	14/10/2011	13/10/2017	Wilcherry Hill Fe Project	IronClad Mining Ltd	80% of Fe

\*Currently under renewal

##### 7.2.1 Project Ownership and Relevant Interests

Refer to section 3.2.1.



## 7.2.2 Agreements

Refer to section 3.2.2.

IronClad has signed a Sales Purchase Agreement with Hong Kong based resources industry investment group, New Page Investments Limited, who is the second biggest shareholder in IronClad with a 6.9% shareholding. New Page Investments Limited is also the major shareholder in China-based global steel trading, distribution, processing and manufacturing company, Novo Group Ltd. Novo is dual listed on the Hong Kong and Singapore stock exchanges and has investments in the Australian iron ore industry. Novo also has a Joint Venture with China's Qingdao Port Investment and Construction Group Co. Ltd for the stockpiling, processing and distribution of iron ore within China.

The New Page Agreement with IronClad is for the off take of up to 50% of the annual iron ore production of WHIP iron ore for the first four years of production. Sales will be made on a delivered China basis; the selling price will be negotiated for each shipment using current spot iron ore prices as a benchmark.

All Statutory Approvals required for the Project are in place including final approval for the variation to the existing Development Approval for the Lucky Bay export facility which was approved on 29 November 2013. Approvals in place include:

- Exploration Licences covering four areas, EL4421, EL 4286, EL 5164, EL 5299;
- Mining Lease ML6390;
- Native Title agreement with traditional landholders;
- Pastoral Lease Holder Access and Compensation Agreement;
- Program for Environmental Approval and Rehabilitation (PEPR);
- Federal environmental approval;
- Native Vegetation Clearance approval;
- Kimba village development approval;
- Lucky Bay development approval;
- Offshore Transshipment Locations approval;
- Water Extraction Licence.

## 7.2.3 Royalties and Taxes

Refer to section 3.2.3.

## 7.3 History

### 7.3.1 Ownership History

Refer to section 3.3.1.

### 7.3.2 Exploration History

Refer to section 3.3.2.

### 7.3.3 Previous Mineral Resource Estimates

Previous Mineral Resource estimates for the WHIP include:

- 59.9Mt @ 30.6% Fe (Golder Associates, 2008) and;
- 69.3Mt @ 25.87% Fe (SRK, 2010)

A previous Mineral Resource estimate relating specifically to the Hercules Magnetite Deposit is:

- 156.6Mt @ 23.1% Fe (Golder Associates, 2008).

### 7.3.4 Previous Production

Refer to section 3.3.4.



## 7.4 Geological Setting

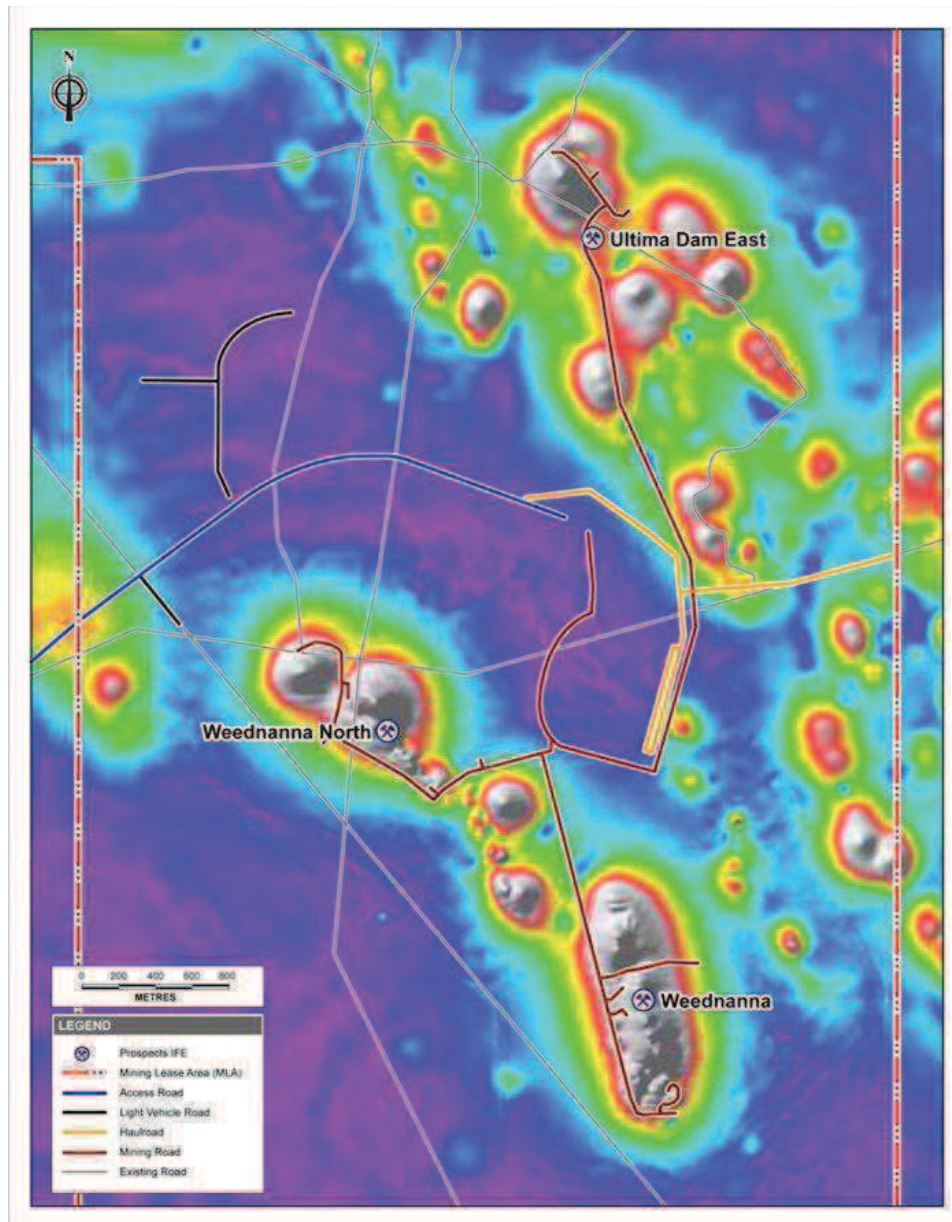
### 7.4.1 Regional Geology and Mineralisation

Refer to section 3.4.1.

### 7.4.2 Project Geology

The WHIP consists of three main deposits (Figure 25) and many yet to be explored prospects. A brief overview and geological interpretations are provided for all three main deposits below.

Figure 25 Wilcherry Hill Prospects on RTP Aeromagnetic Image.



#### 7.4.2.1 Weednanna

Weednanna covers a north - south strike of approximately 1.2km and consists of two large and several smaller magnetic pods cut centrally by a northeast - southwest trending fault. It is a typical example of the Wilcherry Hill style of skarn mineralisation, and is comprised predominantly of magnetite (Domain 1) and the oxidised equivalent (Domain 2). Along the margins oxidation is



increased, converting Domain 2 ore into a more weathered form (Domain 4) with increased goethite but still with remnant magnetite present. In areas of extreme weathering and along the margins of the iron system magnetite is completely replaced to the hydrous oxide forms goethite and limonite (Domain 5a and 5b).

The northern deposit consists of numerous sub-parallel ore lenses dipping at 50-60° to the east. Most trend to the surface but do not outcrop due to the overlying non-conformable sandstone cap (Domain 12). Ore lenses are generally between 10-20m thick. The oxidation profile is significantly deeper and more pronounced in the north, resulting in a dominant goethite and limonite (Domain 5a and 5b) iron system. Oxidation appears bounded by the northeast - southwest trending fault, resulting in reduced levels of oxidation to the south.

The southern deposit differs in that it is largely comprised of a single, thicker ore system dipping at 55-70° to the east surrounded by smaller, discontinuous iron bodies. Widths of the larger iron system typically average 30m but may increase to thicknesses greater than 50m. As mentioned above, weathering is reduced towards the south of Weednanna, resulting in shallower oxidation depths and an increase in high grade oxidised magnetite (Domain 2) material, almost exclusively interpreted in the south. Small areas of iron outcrop occur where the thin calcrete and sandstone units are not present.

The system is bounded on both sides by feldspathic quartzite and weakly foliated gneisses identified as Warrow Quartzite basement, with occasional mafic or granitic intrusions into the host and bounding units also noted.

#### 7.4.2.2 *Ultima Dam East*

Ultima Dam East as a prospect is an area approximately 10km<sup>2</sup> consisting of over 20 north-northwest striking magnetic anomalies of varying sizes. The Ultima Dam East deposit however is limited to the most intense magnetic anomaly only. It is a discontinuous 1.1km long deposit comprised predominantly of magnetite (Domain 1) and oxidised magnetite +/- hematite/goethite (Domain 4) to the north and deeply weathered goethite/limonite (Domain 5a and 5b) to the south. Much like Weednanna and Weednanna North, Ultima Dam East iron mineralisation occurs within a calc-silicate host and is bounded by altered quartz-felspathic gneissic material. Occasionally gneissic granite lenses intrude into the northern half of the deposit and are interpreted to be offshoots of the underlying Hiltaba granite.

The northern deposit consists of one main body dipping at 45-55° to the west. In areas, it separates to form two smaller, sub-parallel ore bodies. The dip of the ore body does not change where this occurs. It is dominated by fresh magnetite (Domain 1) and oxidised magnetite +/- hematite/goethite (Domain 4). Although present, only minor Domain 2 has been noted. The outer margins of the mineralised iron system are reflected in lesser zones of goethite +/- limonite clays (Domain 5a and to a lesser extent, Domain 5b).

The deposit to the south is very different, comprised almost entirely of nonmagnetic goethite and limonite (Domain 5a and 5b). The single ore body exhibits varying dip, from sub horizontal to 30-40° to the west. The distinct lack of remnant magnetite suggests a higher level of oxidation has occurred in this area. The similarity in shape between the interpreted ore body and the overlying sandstone unit (Domain 12) suggests that later stage iron enrichment may be responsible for some of the goethitic clays, with the sandstone acting as an overlying trap. The movement of iron within the system appears to have been limited vertically, thus resulting in a sub-horizontal dipping ore body as shown.

The depth of weathering at Ultima Dam East is generally deeper and more extensive than the two Weednanna deposits, with depths to fresh rock regularly in excess of 100m in the southern half of the deposit. Drilling has suggested that the western margin of the deposit is bounded by a north-northwest orientated fault running parallel to the strike of the deposit, and this, coupled with the broad fault separating the north and south deposits may be responsible for the deeper weathering profile to the south.

#### 7.4.2.3 *Weednanna North*

Occurring in a similar geological setting to that of Weednanna, the Weednanna North prospect area is a northwest - southeast striking structure featuring six larger and three smaller, separate



magnetic highs. These discontinuous magnetic bodies are almost certainly structurally controlled, possibly as fault bounded repetitions. They range in size from approximately 100-300m in length and extend along a strike length of 1.8km. The similarities between the two deposit areas are clearly evident, with the aeromagnetic data indicating sharp contact boundaries between the mineralised skarn units and the surrounding quartzite gneiss basement.

The iron mineralisation at Weednanna North appears stratigraphically bound in moderately east to northeast dipping carbonate rich calc-silicate surrounded by weakly foliated quartz-felspathic gneisses and intrusive granitoids. Much like Weednanna, the suggestion is that the skarn mineralisation lies within an anticlinal fold surrounded by a basement quartzitic unit. Deformation of the basement quartzites is variable, ranging from entirely undeformed, massive quartzites to foliated and moderately altered. The mineralised carbonate unit is suggested to be a more metasomatically retrogressed version of a calc-silicate skarn, characterised by large zones of massive white carbonate (ankerite/dolomite/calcite) and soft pale grey/green/yellow chlorite-talc-sericite zones. The massive carbonate zones are typically unmineralised whereas the chlorite-talc-sericite zones are generally associated with massive magnetite at grades typically between 20-40% Fe.

The northern two anomalies exhibit sub parallel iron lenses dipping at 45-60° to the east, varying in thickness from 20-40m. Further south the anomalies generally consist of one broad, shallow ore body dipping at 35-40° surrounded by several smaller, discontinuous bodies. Here widths typically vary from 20-35m thick.

Intrusive granites are noted throughout the mineralised skarn, often bounding areas of exceptional iron grades. It is suspected that the granitic intrusives, often appearing as fingers throughout the high iron magnetite zones, either act as a conduit for the hydrothermal fluids during iron emplacement, or possibly as a trap for the enriched fluids. It has been suggested at Weednanna that the controls on iron mineralisation are directly related to Hiltaba Suite granites and mafic intrusives, and this would appear to also coincide with iron formation at Weednanna North. Although the control of these intrusives is not yet entirely clear, their clear spatial association with magnetite mineralisation cannot be ignored.

Tertiary cover is limited to a thin calcrete horizon. The depth of oxidation is consistently about 50m vertical depth.

#### **7.4.3 Controls on Mineralisation**

The Wilcherry Hill Iron deposits are a result of the interaction between hot mineral enriched magmatic fluids and reactive carbonate rock that resulted in the precipitation of massive magnetite and to a lesser extent gold bearing pyrite and arsenopyrite within a host carbonate, forming a skarn alteration. Each of the deposits is essentially a single Fe ore system and the primary mineral is a strongly magnetic, coarse to fine grained, massive to disseminated fresh magnetite encountered at depth. Closer to the surface and above the base of oxidation, the magnetite is weathered into a combination of hematite and other hydrous Fe species: such as Goethite and Limonite. The latter forms from the weathering of both magnetite and hematite, and are commonly found in the more intensely weathered zones.

### **7.5 Exploration Results and Potential**

The field activities carried out by IronClad at the WHIP leading to the Mineral Resource estimations described in Section 7.6 have been well documented since commencing the project, through ASX releases and detailed quarterly and annual activities reports.

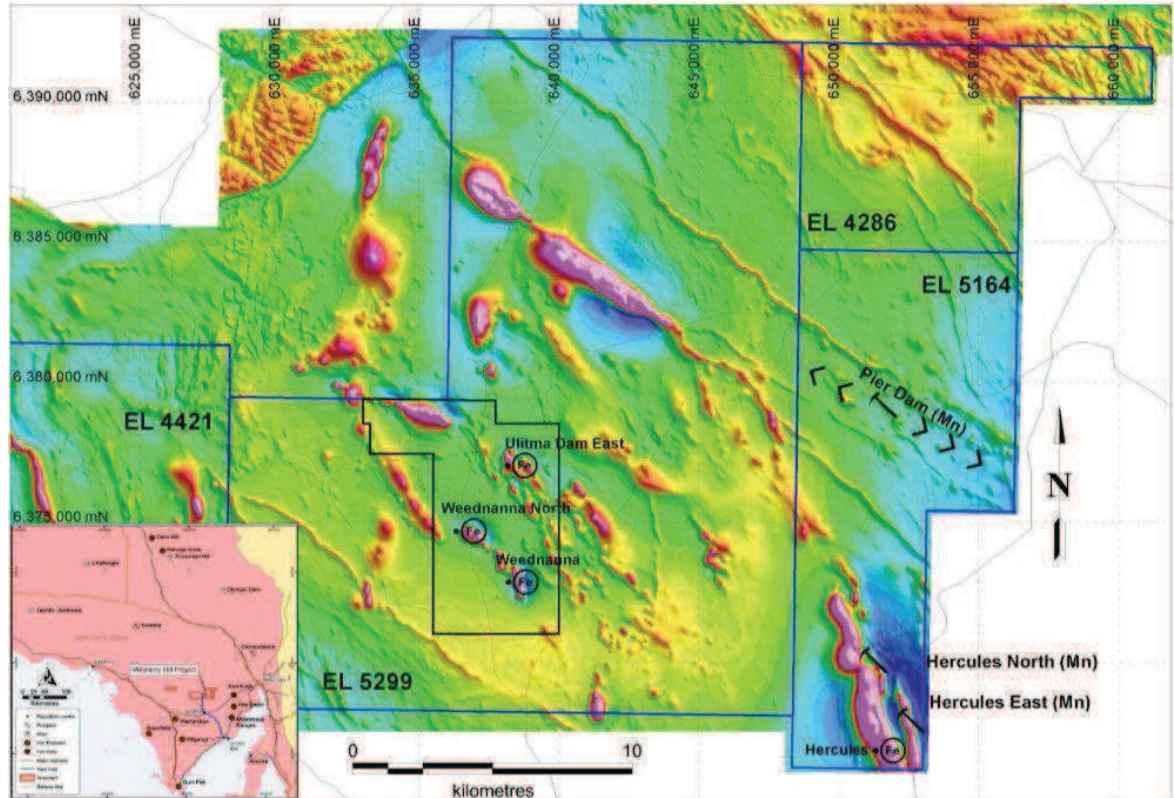
#### **7.5.1 Recent Exploration Activities**

In addition the well documented iron ore exploration and development of the WHIP, recent exploration developments have shown the project to be prospective for manganese. A regional drilling campaign conducted in January 2013 tested the northern and eastern extents of the Inferred Resource at the Hercules prospect for hematite direct shipping iron ore (DSO). A total of 2,366m were drilled in that campaign targeting anomalous coincident gravity and magnetic, and standalone anomalous gravity or magnetic bodies. Although further DSO was not identified, moderate success was achieved in the identification of further zones of possible economic iron



ore for gravity separation feed. However drilling also intersected two zones of moderate to high grade manganese along the eastern flank of the Hercules Prospect (Figure 26).

**Figure 26** *Manganese Prospect Locations in Relation to Wilcherry Hill and Hercules Iron Deposit*



Note: EL4286 is now EL5470.

Drilling intersected 23m @ 22.1% Mn from 56m in drill hole 13HCRC026 and 7m @ 20.2% Mn from 55m in hole 13HCRC001. XRD analysis on samples sourced from drill hole 13HCRC026 confirmed the principal manganese mineral as pyrolusite within what is still considered at this stage to represent a BIF target.

This discovery on the +3km eastern flank of the Hercules Prospect opened up a new manganese target to add to the existing zone defined as Domain 3 (8.8Mt @ 10% Mn) within the Hercules Prospect JORC Inferred Resource of 194Mt @ 27% Fe (2008).

#### 7.5.1.1 *Hercules East Manganese Prospect*

Fifteen holes at nominal 50m x 50m spacing were completed. The results extended the mineralisation intersected in January 2014 to a total strike length of 250m. Mineralisation was extended up dip to the east by 35m. Seven of the holes intersected anomalous manganese mineralisation. Significant downhole intercepts greater than 10% Mn and minimum downhole width of 3m included:

- 5m @ 22.88% Mn, from 11m, 14HCRC017
- 5m @ 19.46% Mn, from 33m, 14HCRC023
- 3m @ 21.13% Mn, from 55m, 14HCRC033

#### 7.5.1.2 *Hercules North Manganese Prospect*

Eleven drill holes were completed in this prospect area. Nine holes were aimed at testing a broad geochemical anomaly (ASX Release 1st May 2014) and two were designed to follow up the previous



manganese intersection in hole 13HCRC001 (7m @ 20.2%). Drill hole spacing was up to 200m x 50m. Significant downhole intercepts greater than 10% Mn with a minimum downhole width of 3m included:

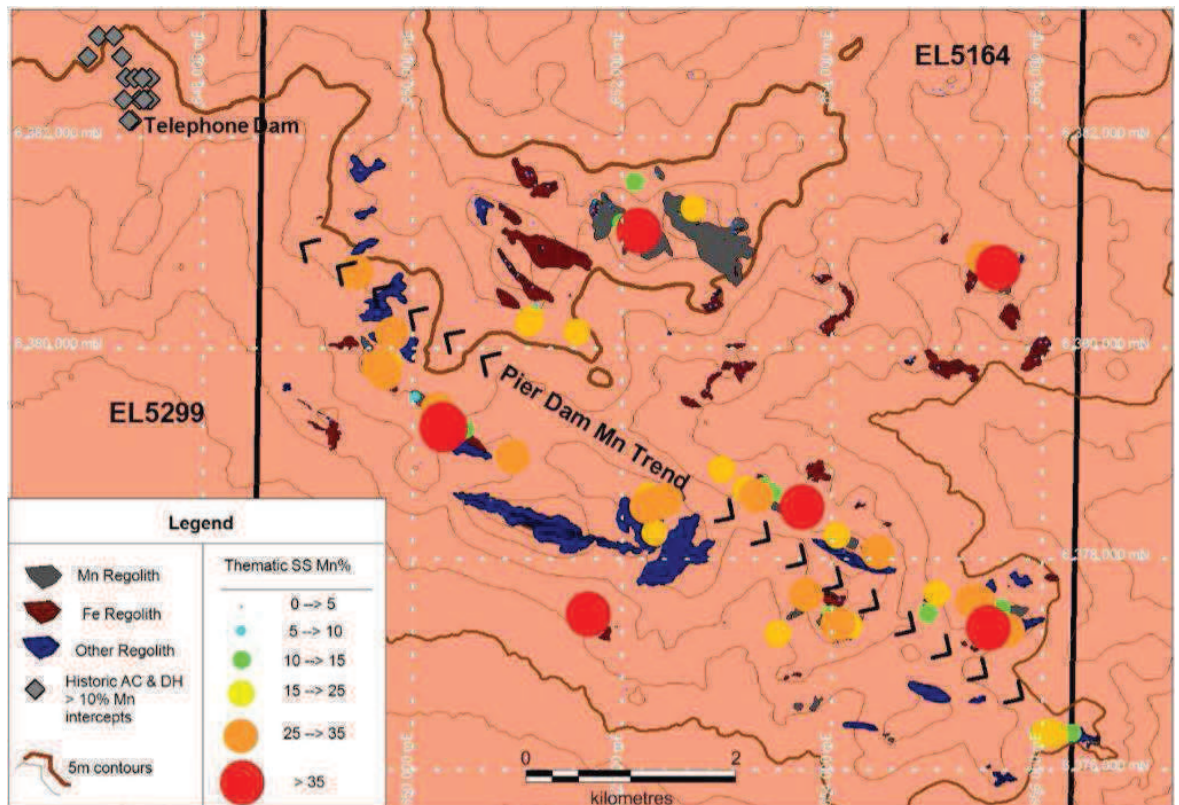
- 8m @ 16.81% Mn, from 32m, 14HCRC014
- 3m @ 17.53% Mn, from 14m, 14HCRC016
- 5m @ 24.72% Mn, from 8m, 14HCRC031

Banded iron formation sequences similar to those intersected at Hercules East were logged in all 11 holes.

### 7.5.1.3 Pier Dam Prospect

Geological mapping and surface rock chip sampling was completed over the 50km<sup>2</sup> area Pier Dam Manganese prospect. The results verify the significant manganese mineralisation noted at this prospect since the late 1970's by previous explorers. Scattered outcrops and sub-crops of surface enriched manganese oxide occur throughout the prospect area and define an 8km northwest mineralised corridor. A compilation of recent and historic surface rock chip samples is shown in Figure 27. Mn% values, plotted as scaled circles illustrate this prospective manganese trend. High grade manganese values range from 15.5% - 44.2% Mn.

*Figure 27 Pier Dam Prospect showing manganese results of historical and recent surface rock chip sampling*



*Circles are coloured and scaled according to Mn values. Telephone Dam Ag-Pb-Zn Prospect showing location of historic holes with anomalous manganese intercepts.*

It is noted here that, at this point in time, IronClad are still in the earn-in phase of the Manganese JV (Section 3.2.2.2) with Trafford and no value is assigned to IronClad for manganese in the valuation section of this report.

### 7.5.2 Exploration Potential

A total of 109 mostly magnetic anomalous targets were identified over the four JV tenements (Figure 28) in 2013; only a limited number had been previously reviewed by IronClad geologists

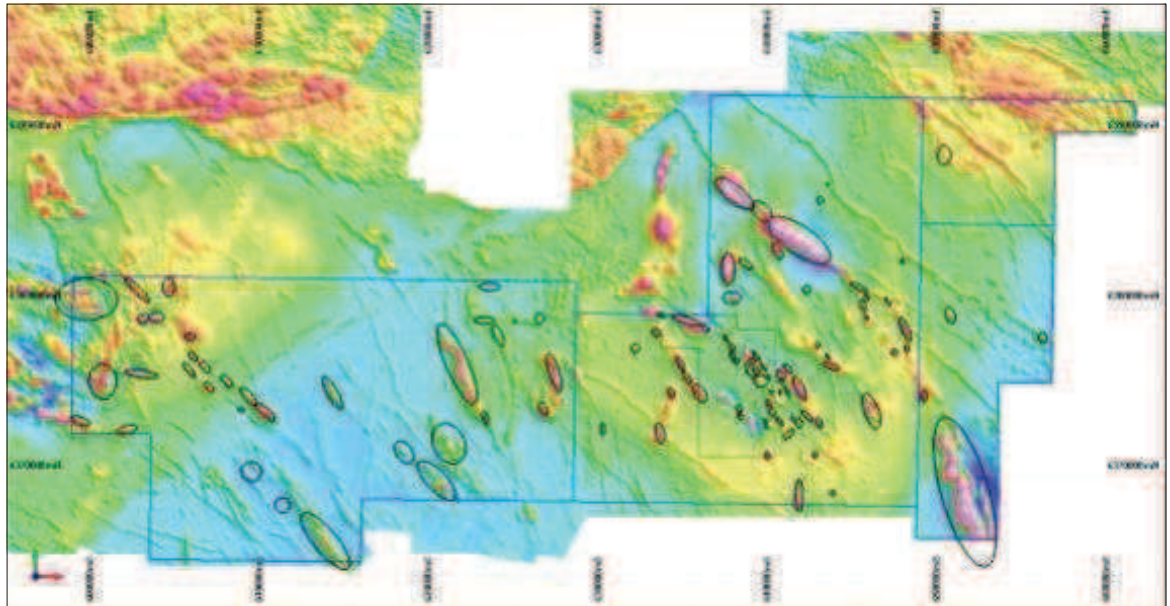




and required follow up field work. This work continued from April to October 2013 to better determine which of the targets warranted additional exploration. To assist with the ranking a catalogue was compiled detailing the recommended exploration to be followed up for each target, including but not limited to; field mapping, infill ground magnetometer surveys, 3D modelling of iron bodies and in some cases, exploratory drilling.

Of the 109 targets identified, 29 were classified as having existing drilling and the remaining 80 classified as undrilled. Excluding the JORC Mineral Resources from the drilled category the remaining prospects where drilling has occurred are still considered prospective for small (<150kt) near surface DSO mineralisation.

*Figure 28 IronClad Mining JV Tenement and Prospect Overview*



In addition to the information given for the JV tenements in section 3.5.2, the following information relating specifically to iron and manganese is given below.

- EL5299: This is the main tenement in the Wilcherry Hill Project tenement package where the majority of drilling and data generation has been carried out. The most advanced targets for IronClad are on this tenement. IronClad have progressed crystalline magnetite deposits at Weednanna, Weednanna North and Ultima Dam East and there remains potential to increase the current resources, specifically at Ultima Dam West. There is a relatively untested iron ore target at the Stuart prospect. The tenement contained the most magnetic anomalous targets in the 2013 review.
- EL4421: The Peterlumbo tenement is also characterised by underlying granite, known as the Buckleboo Granite, which has been defined by geophysics and outcrops in the southwest corner of EL4421. This granite is also considered to be of Hiltaba age and therefore it is likely that mineralising fluids are also associated. From a geological point of view, this has the potential to be as prospective as EL5299, however the tenement has received <20% of the drilling carried out at EL5299. Iron grades (+60% Fe) in a skarn type environment similar in setting to that of the Weednanna and Ultima Dam East prospects increases the potential for DSO at Sunday Iron. The tenement contained a large amount of magnetic anomalous targets in the 2013 review.
- EL5164: The Eurilla Dam tenement hosts the Hercules iron resource which is being developed by IronClad and also hosts manganese mineralisation. The Pier trend, which is a possible extension of the Telephone Dam Deposit, displaying similar Pb-Zn-Ag mineralisation and similarities to Menninnie Dam, is also returning encouraging Mn mineralisation.



- EL5470: The Valley Dam tenement displayed the least magnetic anomalous targets in the 2013 review.

### 7.5.3 Constraints to Further Exploration Success

Ravensgate can see no constraints to further exploration success.

## 7.6 Mineral Resources

Mineral Resources have been reported for a number of iron ore deposits within the Wilcherry Hill project area: Weednanna (WDA), Weednanna North (WDN), Ultima Dam East North (UDEN), Ultima Dam East South (UDES) and Ultima Dam West. Mineral resources for the Hercules deposit are dealt with in Section 7.7.5 of this report. All these have been reported to the 2004 edition of the JORC Code between 2008 and 2013. These resources have not been updated to comply with the most recent 2012 edition of the JORC Code, on the basis that the information has not materially changed since the last reporting.

IronClad reported a maiden Mineral Resource estimate for the WDA, WDN and Hercules deposits in 2008 based on resource statements by Golder Associates, in conformance with the JORC Code (2004). Following a series of further drilling programs, IronClad intermittently reported various upgrades and additions to this resource base, with the most recent update to the resources published in their 2014 annual report (IronClad Mining Ltd, 2014). Ravensgate has briefly reviewed available data from IronClad for the Wilcherry Hill Mineral Resources which is summarised in the following sections.

Table 12 provides Mineral Resource estimates for the main Wilcherry Hill iron deposits which underpinned a subsequent Ore Reserve estimate developed by Runge Limited (Runge 2013). These Mineral Resource estimates were developed by Trafford and IronClad company geologists in conformance with the 2004 edition of the JORC Code in May 2013 (Le Grange and Boundy 2013). Public reporting was apparently delayed until 2014 (IronClad 2014).

*Table 12 Wilcherry Hill Mineral Resources – 25% Fe Lower Cut, May 2013*

Deposit	Classification	Tonnes (Mt)	Fe (%)	Al <sub>2</sub> O <sub>3</sub> (%)	SiO <sub>2</sub> (%)	P (%)	LOI (%)
Weednanna (WDA)	Measured	2.3	45.7	4.75	16.0	0.03	4.75
	Indicated	7.9	40.3	5.1	19.1	0.03	4.95
	Inferred	1.0	46.1	5.34	14.8	0.03	3.95
	<b>Total</b>	<b>11.2</b>	<b>41.9</b>	<b>5.05</b>	<b>18.1</b>	<b>0.03</b>	<b>4.82</b>
Weednanna North (WDN)	Measured	1.2	43.6	5.28	15.6	0.03	5.73
	Indicated	5.4	40.8	5.84	17.5	0.03	5.39
	Inferred	2.7	34.0	2.97	17.9	0.02	8.78
	<b>Total</b>	<b>9.4</b>	<b>39.2</b>	<b>4.93</b>	<b>17.3</b>	<b>0.03</b>	<b>6.43</b>
Ultima Dam East North (UDE N)	Measured	0.6	47.1	3.84	15.6	0.04	4.52
	Indicated	1.7	43.1	4.4	18.8	0.04	4.99
	Inferred	-	-	-	-	-	-
	<b>Total</b>	<b>2.3</b>	<b>44.1</b>	<b>4.26</b>	<b>18.0</b>	<b>0.04</b>	<b>4.87</b>
Ultima Dam East South (UDE S)	Measured	-	-	-	-	-	-
	Indicated	3.7	36.3	8.91	21.4	0.19	12.26
	Inferred	0.1	32.9	3.57	29.8	0.15	8.37
	<b>Total</b>	<b>3.8</b>	<b>36.2</b>	<b>8.82</b>	<b>21.5</b>	<b>0.19</b>	<b>12.2</b>
<b>TOTAL</b>	Measured	4.1	45.3	4.78	15.8	0.03	5.01
	Indicated	18.7	39.9	6.01	19.0	0.06	6.53
	Inferred	3.8	37.1	3.60	17.3	0.02	7.52
	<b>Grand Total</b>	<b>26.6</b>	<b>40.3</b>	<b>5.47</b>	<b>18.3</b>	<b>0.05</b>	<b>6.44</b>



Table 13 provides Mineral Resource estimates for the subsidiary Wilcherry Hill iron ore deposits (which were not considered in the Ore Reserves). The Mineral Resource estimate for the Ultima Dam West (UDW) deposit was developed by IronClad company geologists in 2013.

**Table 13 Mineral Resource (not in Ore Reserve) – 25% Fe Lower Cut, May 2013**

Deposit	Classification	Tonnes (Mt)	Fe (%)	Al <sub>2</sub> O <sub>3</sub> (%)	SiO <sub>2</sub> (%)	P (%)	LOI (%)
Ultima Dam West (UDW)	Measured	-	-	-	-	-	-
	Indicated	3.0	34.9	0.86	22	0.02	6.8
	Inferred	0.2	37.5	1.5	21	0.02	5.1
	<b>Total</b>	<b>3.2</b>	<b>35.1</b>	<b>0.91</b>	<b>22</b>	<b>0.02</b>	<b>6.7</b>

Ravensgate notes that for this resource review the source digital data and block models were not examined, due to the time constraints in preparing the report. Documentation of the resource estimates is of variable quality from satisfactory to poor and Ravensgate has taken this into consideration in valuing the mineral assets, on the basis that the quality of the documentation reflects the quality of the underlying work.

#### 7.6.1 Note on Ore Reserves

Ravensgate has determined not to utilise the Ore Reserve estimates published for the Wilcherry Hill project due to the substantial fall in the commodity price for iron ore from the price used to determine these Ore Reserves, on the basis that the project would very probably not be viable at current commodity prices. Rather, Ravensgate has opted to take a conservative approach and confine our consideration to the underlying Mineral Resources for the purposes of Mineral Asset Valuation.

#### 7.6.2 Drilling and Sampling Methods

Combination of reverse circulation chip samples and diamond core samples were used during Mineral Resource estimation. Early phase exploration data from RAB and aircore drilling were utilised to assist wireframe interpretation of geological domains but were excluded thereafter. RC drilling was undertaken with face-sampling bit. Diamond core consists of HQ and PQ standard tube core, with triple tube selectively utilised in oxidised zones for metallurgical and geotechnical purposes.

##### Weednanna (WDA)

A total of 347 holes with 33,794m were considered in the resource estimation at Weednanna which consist of 310 RC holes (29,411m) and 37 diamond core drill holes (4,383m). RAB and aircore holes have not been included in the resource estimation. Reverse Circulation drill holes were drilled with an azimuth of 270° (grid) and dipping 60°.

##### Weednanna North (WDN)

At Weednanna North, the resource was based on data from 142 holes, which consists of 110 RC holes (12,451 m), 32 diamond drill holes (1,616 m) totalling 14,067 m. The RAB holes were excluded from the database for the resource estimation. The drilling was concentrated on the best mineralised portion of the central and southern mineralisation.

##### Ultima Dam East (UDE)

At Ultima Dam East, a total of 18,283m from 216 RC and diamond drill holes were used in the resource estimation. For the UDE deposit drill holes were commonly orientated at an angle of 60° dipping to the north-east, relatively perpendicular to the dip direction of the orebody.

##### Ultima Dam West (UDW)

At Ultima Dam East, a total of 616m from 56 RC drill holes were added to the resource database through infill drilling in 2013. For the UDW deposit drill holes were commonly orientated at an



angle of 60° dipping to the north-east, relatively perpendicular to the dip direction of the orebody. Only a brief description has been supplied on the drilling or resource estimation work on UDW, however our similar methodologies were applied to those utilised for WDA, WDN and WDE.

### 7.6.3 Drill Hole Collar & Downhole Survey

IronClad reported that all drill hole collar co-ordinates were surveyed using DGPS or RTK units. Accuracy of +/- 0.3m or better in the easting and northern direction and +/- 0.5m elevation. Historical (pre-2007) drill collars were re-surveyed where possible and only these historic holes were utilised for resource estimation purposes. Nominally 5% of all down hole surveys were cross-checked by two survey companies. Regional geophysical and local topographic surveys provided elevation data to +/- 1m for development of a digital terrain model of the Topographic surface. All of the coordinate data are given a confidence level which is assigned by the database geologist and is recorded in the database.

The majority of the drill holes used in the resource estimate have been surveyed using the conventional Humphreys gyroscope. Existing historical angled RC drill holes, which were drilled prior to Ironclad's involvement with the project were initially surveyed using Eastman single shot down-hole camera. Since Ironclad's involvement with the project, these holes were re-surveyed using gyroscopic methodology, where possible. Subsequent drill holes drilled by Ironclad have been surveyed using gyroscopic methodology. Ravensgate considers the Eastman azimuth data will be severely affected by the highly magnetic rocks of the deposit and only the gyroscopic data is reliable.

Core orientation was undertaken on the majority of diamond core drill. Core the fresh zone was orientated using non-magnetic electronic single shot orientation tools including the ACE and REFLEX tools.

### 7.6.4 Sampling, Assaying Data Handling and QA/QC

IronClad internal company reports which were made available to Ravensgate provided the following detail about sampling assaying data handling and QA/QC issues pertaining to the mineral resource.

IronClad reported that Industry standard drilling practices employed for both RC and diamond core drilling, sampling, assaying data handling and QA/QC.

In general the RC drilling samples were collected at 1m intervals and split during the drilling operation using a 2 or 3 tier riffle splitter. Subsequently, for ore material a 2-3kg sample split from the original 1m sample was sent for assay. Material designated as non-ore or waste was composited to 3m samples. Later drill programs used 2m original drill intervals with the waste composited to 4m samples. At the same time as the samples are being collected, a small portion of the drill cuttings is saved and placed into a rock chip tray. This portion is used for visual and physical analysis of the predominant material type and mineralisation and the data obtained is recorded into a logging spreadsheet. All chip trays are photographed and the photos stored in a database. All 1m or 2m sample lengths were tested for magnetic susceptibility by a portable meter and the results were recorded into the logging spreadsheets.

Sampling was carried out at approximately 1m interval for diamond core and honoured the lithological boundaries. Half core and quarter core samples were prepared using a diamond blade core saw.

Core recoveries were quantitatively recorded for all diamond drilling. RC chip sample recoveries were recorded on a qualitative basis. Core and RC sample recoveries were reported by IronClad to be high in the range 90 - 100%. Core recovery measures included triple tube and short drill runs. PQ & HQ diamond core quarter cut and sampled for geochemical assay.

IronClad reported that all samples were drilled with dry down hole conditions, so minimal samples were affected by wet sampling issues. The majority of RC chips were riffle split utilising rig mounted 2 tier splitters and manual 2 tier splitters. Some holes were drilled with a rig fitted with a mounted rotary cone splitter and this was used for sub sampling.

Industry standard XRF geochemical assaying for iron ore was used across three laboratories (SGS, Amdel and UltraTrace) using routine suite of 14 (Al<sub>2</sub>O<sub>3</sub>, CaO, Cu, Fe, K<sub>2</sub>O, MgO, Mn, Na<sub>2</sub>O, P, S,



SiO<sub>2</sub>, TiO<sub>2</sub>, and Zn) and a gravimetric method was used to analyse LOI (loss on ignition). Standard laboratory procedures and internal QA/QC procedures were applied to processing samples.

Primary data was collected by IronClad geologists using Field Marshall software using a Toughbook laptop. This data was then sent to IronClad's database manager for validation and entry into a database compiled and maintained using GBIS software, and includes specialised internal validation procedures. Additionally the 3D modelling and resource estimation software (Surpac) was used to check for duplicate records and overlapping intervals.

The resource report for WDA, WDN and UDE stated that: "Standard QA/QC was used as part of the analysis process. Standard reference materials were inserted with the sample submission at a rate of 5% and duplicate field samples were also used. Assessment of the results of the quality control samples did not reveal any significant issue with the process and the assay data for 2012 is found to be reliable. Field QC procedures included the use of standards and duplicates. The program initially included the preparation and insertion of standards at a ratio of 1 in 20. Since 2007 the ratios of primary samples to duplicates and to standards are over 40. Duplicates were taken from RC sample every 20 samples to provide a comparison to riffled sub-split. Regular cleaning of cyclone and splitter was undertaken to prevent sample cross-contamination. For diamond drill holes quarter cut diamond core provided field duplicates for QA/QC purposes.

IronClad reported that they have not observed any bias between sample recovery and grade.

Audits of sampling, assaying, data handling and QA/QC were carried out by SRK Consulting in May 2010 during the compilation of an independent mineral resource estimation.

#### 7.6.5 Geological Data Acquisition and Database Generation

IronClad reported that during the core logging the core is marked at 1m intervals and core recovery is recorded. If the core has been 'oriented' during the drilling process the core is aligned into the core trays to allow for the 3D recording of geological structures. RQD is calculated from core recovery and the recording of the quantity and quality of sound and solid core pieces as a measured or portion of total core recovery. All core is photographed and recorded with all relevant details associated with the specific core tray interval. Logging data is recorded on to Excel spreadsheets which are set up with a series of defined tabs for each logging process. Where required, tools such as a Magnetic Susceptibility Meter, a portable XRF machine, hardness testing scratcher, magnet, hammer and acid may be used to ascertain the relevant physical properties of the core material as an aid to identifying rock types and mineralisation. A lithology log was used to record the depths and interval lengths of the main lithology types, as well as oxidation level and textural features of the rock with a brief description of the lithology as necessary. In addition, a structural log recording structural information was developed. This data was then sent to IronClad's database manager for validation and entry into a database compiled and maintained using GBIS software.

IronClad report that geological data was collected during RC drilling by company geologists using Field Marshall software using a Toughbook laptop recording mineralisation, lithology, alteration, assay sample intervals and location data. Standardisation is achieved by adherence to a written company procedure which describes in detail the methodology required for RC sampling and logging.

#### 7.6.6 Geological and Mineralisation Domain Interpretation and Continuity

The Wilcherry Hill Iron deposits are skarn deposits resultant from the interaction between hot mineral enriched magmatic fluids and reactive carbonate rock that resulted in the precipitation of massive magnetite and to a lesser extent gold bearing pyrite and arsenopyrite within a host carbonate. Iron is represented by three different mineral species within the deposits. Iron primarily exists in the form of fresh, dark grey to black coarse to fine crystalline magnetite as observed at depth. During the weathering process, magnetite reverted to more stable mineral species, namely hematite, which with increased oxidation altered to the more stable hydrous oxide mineral goethite.

The same approach to geological and mineralisation domain interpretation was used for all the Wilcherry Hill deposits, so the comments below pertain to all the deposits.



Through logging of diamond core, coupled with geochemical analysis five ore domains have been identified as detailed in Table 14 below.

**Table 14 Wilcherry Hill Deposits – Mineralisation Domains**

Domain			Description
1	Fresh Magnetite	MGF	Primary skarn mineralisation, fresh crystalline magnetite, below weathering profile. Moderate Fe grade, very high magnetic susceptibility, low porosity.
2	Oxidised Magnetite	MGO	Residual weathered version of fresh magnetite mineralisation, in oxidised zone. Carbonate and silicate minerals leached. High Fe grade, high magnetic susceptibility, low LOI, MgO, Al <sub>2</sub> O <sub>3</sub> , SiO <sub>2</sub> , P.
4	Weathered Magnetite +/- Hematite/Goethite Hematite/Goethite +/- Weathered Magnetite	Omx	Weathered iron ore with much magnetite oxidised to hematite and goethite. Carbonate and silicate minerals leached. Moderate Fe grade, moderate to low magnetic susceptibility, high porosity, moderate LOI, low Al <sub>2</sub> O <sub>3</sub> , SiO <sub>2</sub> , P.
		OxM	
5a	Goethite - Competent	OGx	Fully weathered iron ore with all magnetite oxidised to hematite and goethite. Moderate Fe grade, low magnetic susceptibility, high porosity, high LOI.
5b	Goethite - Clay	Oli	As above with low to moderate Fe grade, very low magnetic susceptibility, high porosity, high LOI, high Al/Fe ratio, low rock strength.

Geological logging and analytical results were used to differentiate nine waste lithologies within the skarn metamorphic system hosting the iron deposits: fresh calc-silicate, oxidised calc-silicate Fe altered, oxidised calc-silicate bleached, quartzite, quartz feldspar gneiss, sandstone, superficial cover, amphibolite and massive calcite.

Following re-logging and reinterpretation of the mineralisation and waste domains as detailed above, company geologists modelled these domains between drill holes to create a 3-D model using Micromine software. Initially, a mineralisation shell was interpreted based on iron grade and ignoring ore domain type. Subsequently mineralisation domains were created based on specific criteria including Fe grades, LOI, satmagan values, magnetic susceptibility values, contaminant element assays and field logging. This resulted in the mineralisation shell being divided into domains 1, 2, 4, 5a and 5b. An oxidation wireframe was modelled across the deposits to separate weathered from fresh domains.

Some deposits contained a particularly high grade zone, therefore to avoid grade smearing during the resource estimation process, the high grade and moderate grade iron zones within Domain 1 were estimated separately. Therefore a subset of Domain 1 was created and modelled as Domain 1 “High Grade” (Figure 29).

For interpretation of waste, only broad geological boundaries were identified and modelled into geological domains. The contact of basement quartzite gneiss to calc-silicate material was easily identifiable both visually and geochemically and thus was interpreted and wireframed initially. Specific basement units were then modelled, with the flat lying sandstone cover unit and the superficial unit wireframed to finalise the 3-D geological model. (Figure 30).



Figure 29 Cross section 6372495mN at WDA depicting Domain 1 and Domain 1 “High Grade”

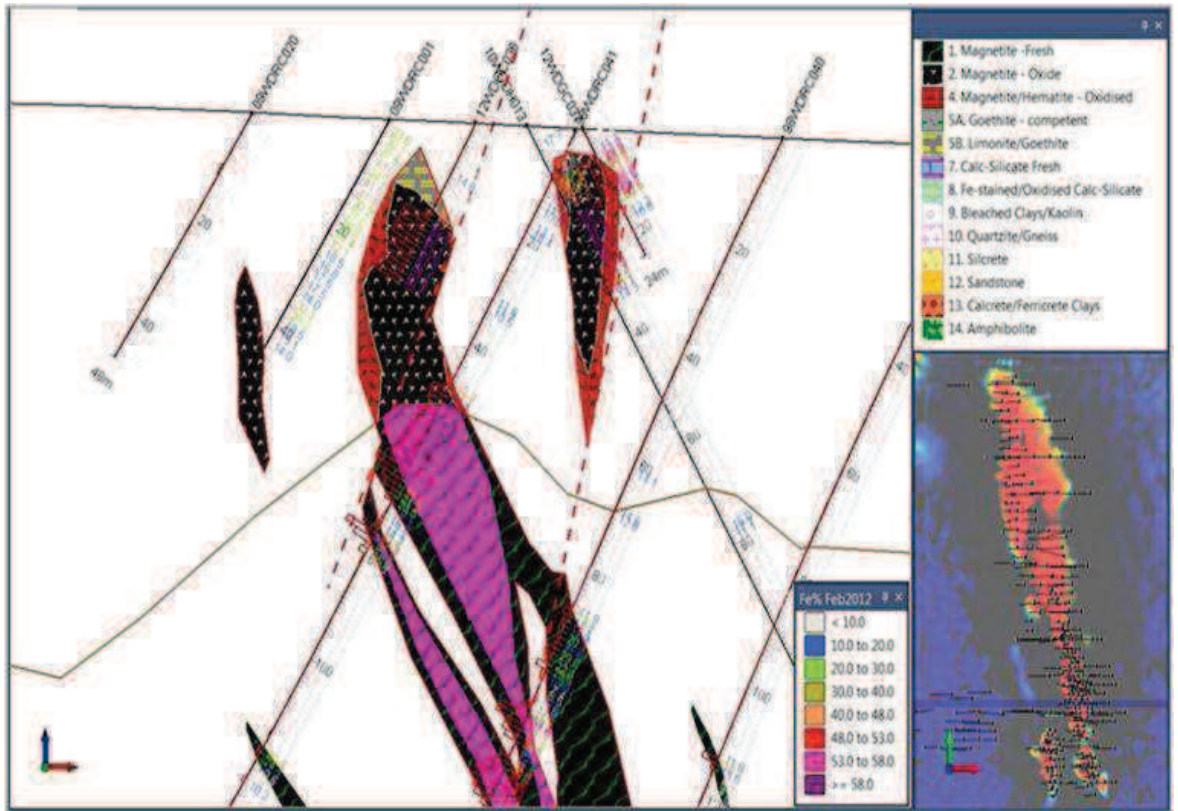
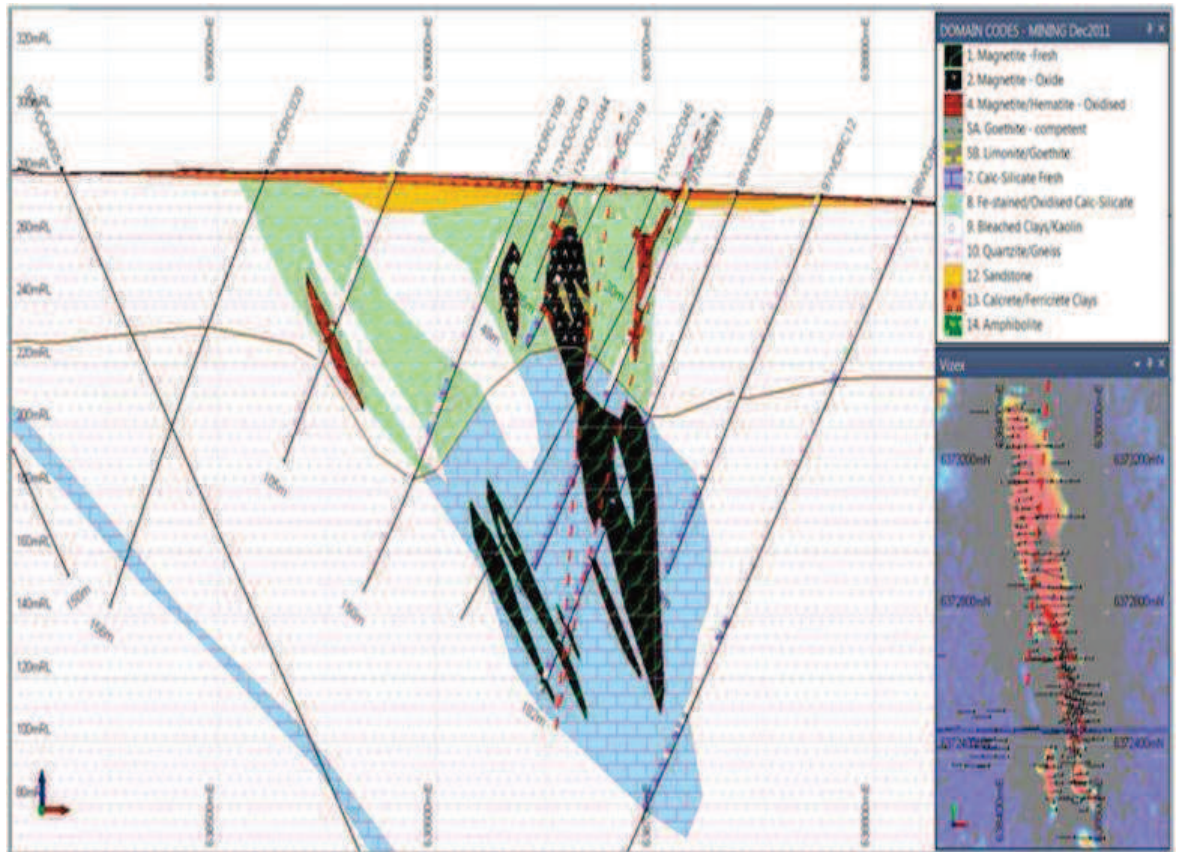


Figure 30 Cross section 6372470mN at WDA, showing the interpreted calc-silicate units - fresh (blue bricks) and weathered (green unit).



### 7.6.7 Sample Geostatistics and Variography

IronClad report that the following methodology was applied to geostatistical and variogram work on each of the Wilcherry Hill deposits.

The drill hole samples were composited into 2m intervals within each individual ore type wireframe, using the best fit option in Surpac, in order to avoid the occurrences of residual composite. The statistical analysis was carried out on the composite data using Supervisor software, for each ore type: Domains 1, 1 high grade, 2, 4, and 5a. Histograms of population frequency were compiled for the analytical results of the constituents Fe,  $Al_2O_3$ ,  $SiO_2$ , S, P and LOI for each domain. Tables of the statistical values count, minimum, maximum, mean and standard deviation were compiled for each of these constituents for each domain.

This statistical analysis supported the geological interpretation of the deposits, generally producing single statistical populations for each domain/constituent combination.

Company geologists undertook variogram calculations on the 2m composites encountered within the interpreted ore wireframe for each of the prospect areas. Where possible, experimental variograms were calculated for each individual ore type, but where the domain didn't have enough composite data to support the assessment, variogram calculation was carried out using the largest pods within the specific zone (e.g. WDN).

### 7.6.8 Resource Modelling and Resource Estimation Methods

The block size chosen for the resource block model were half the drill hole spacing at 6.25 mN by 6.25 mE by 5 mRL. The parent blocks are further subdivided to 3.125 x 3.125 x 2.5m. Ravensgate note that drill spacings of 12.5m x 12.5m were achieved at Weednanna, Weednanna North and the northern part of Ultima Dam East, with the rest of the mineralisation covered by nominal 25





x 25 m drill spacing, supporting the unusually small block size chosen for an iron ore resource model.

The estimation domains were restricted to the individual pods of each of the interpreted ore types: domain 5 (a and b), domain 4, domain 2 and domain 1.

The drill hole data were coded per the wireframes that represent each domain. The samples were composited to 2m within the pods per domain type using the best fit option in Surpac in order to avoid residual composites. Statistical analysis of the composites were carried out per domain type for the following elements: Fe, Al<sub>2</sub>O<sub>3</sub>, SiO<sub>2</sub>, S, P, and LOI. Most elements did not require topcutting, however sulphur for some domains needed to be top cut as it displayed some outliers on the histogram. Variogram calculations were also carried out per element, per domain, per prospect area. Down hole variogram was used to estimate the nugget effect per element and per domain. In some cases, normal score transformation was applied to the variogram model and the parameters were back transformed afterwards. All variograms are standardised to a sill value of 1.0, which represents the total sample variance. The orientation of the search ellipse as determined through the variogram calculations conformed to the geometry of the deposits for each of the three prospect areas.

Surpac software was used to estimate the grade for the above cited elements, using ordinary kriging. The parameters used for the estimate were defined by the variogram models. A first pass search distance of 40m was used, followed by a 300m search distance in order to fill all the blocks. Minimum composites of 5 and maximum composites of 25 were used for the estimation. Block discretisation of 3 x 3 x 2 was used.

## 7.7 Bulk Density

The bulk density values applied to the mineral resource estimation of the Wilcherry Hill deposits have been based on polynomial equations and porosity factors which were derived from SG and porosity data collected on the project. The polynomial equations are based on a relationship of density with Fe value derived graphically by plotting density against Fe. These polynomial equations and porosity factors were used to estimate a density figure for each block in the model.

RungePincockMinarco Ltd (RPM) have undertaken an independent review of IronClad's SG and porosity data and their methodology of estimating bulk density. This review concluded that the estimation procedures should result in density estimations that are valid for the style of orebody at Wilcherry Hill.

### 7.7.1 Resource Model Validation and Reconciliation

A series of previous resource estimates were available for each of the deposits, however a direct comparison of two estimates was not considered feasible by IronClad due to the different estimation domains used for the two estimates. Ravensgate also notes that different (lower) cut-off grades were used for earlier generations of resource estimates.

Visual validation was carried out using Surpac and involves displaying the block model colour coded by the element to validate, with the drill holes and raw assay data. This exercise shows that the high and low grade zones in the drill hole data were maintained in the estimate.

The mean for each element estimate was also calculated per estimation domains and were compared with the composite mean and raw sample mean weighted by length, for each ore type domain.

In 2012 RPM Limited undertook an independent audit of the resource models of the Wilcherry Hill iron deposits for IronClad and provided Competent Person sign-off for the Mineral Resource defined. The methodology utilised in that exercise is very similar to the methodology used for the current resource models and resource estimates, with incorporation of some of the recommendations from the audit. These changes included: the definitions of the mineralised domains were reviewed and re-interpreted for all deposits, with some boundaries being changed and one domain being removed from the ore category and redefined as waste; the interpolation process was changed whereby all domain boundaries are now regarded as hard boundaries and the specific gravity determinations for the oxidised, or partially oxidised, domains were adjusted to incorporate a component for porosity.



### 7.7.2 Resource Classification

For each of the deposits, the Mineral Resource is classified as Measured where blocks were estimated using an average search distance equal to 25m, which is equivalent to 2/3 of the sill in the variogram of interest. An Indicated classification has been assigned for all blocks that were populated using the full range of the variogram, and the remainder is classified as Inferred. In addition, for each pod with no Measured blocks the whole pod was assigned was given the classification of the majority of its block, in order to avoid the 'spotted dog' effect. Small pods that are defined by less than two drill holes were also classified as Inferred.

Ravensgate noted during its visual validation of the block models for each deposit that the 'spotted dog' effect was evident for the isolated zones of Measured within the main mineralisation zones of Indicated. However, comparison with the drill hole density indicated that this was appropriate.

Ravensgate's opinion is that this resource classification approach is generally sound.

### 7.7.3 Resource Estimation Risk Analysis

It is Ravensgate's opinion that IronClad have carried out the resource estimation for the Wilcherry Hill iron ore deposit according to industry best practice standards and according to the JORC 2004 guidelines, with due attention paid to a number of resource classification modifying factors. Ravensgate categorise the risk inherent in the Mineral Resource estimates to be appropriately described by the applied classifications of Measured, Indicated and Inferred to the various portions of the deposits.

Modifying factors (as defined in the JORC Code 2004) have been thoroughly assessed in determining the defined mineralisation to be categorised as Mineral Resource. Ravensgate note that ore reserve studies and feasibility studies have been completed on the deposit, although Ravensgate have not reviewed the studies as part of this valuation exercise.

Ravensgate note that IronClad made the following comments in their JORC Code Table 1 commentary on the resource estimates:

Cut-Off parameters: The resource is reported at a 25% Fe cut off. It is believed that material above this cut-off grade is potentially recoverable as per the Feasibility study.

Mining factors or assumptions: The resource is within the top 100m below surface and mining is assumed to be by open cut methods.

Metallurgical factors or assumptions: Some of the resource would be classified as Direct Shipping Ore. The remainder of the resource would need some kind of processing, such as dry magnetic separation or gravity separation, which are part of the Feasibility Study.

Environmental factors or assumptions: Environmental studies has been incorporated in the Feasibility study.

### 7.7.4 Conclusions

Ravensgate's opinion in that the mineral resource estimate of the Wilcherry Hill deposits have been developed and classified in conformance with the JORC Code 2004. This assessment is made in consideration of the favourable results achieved from recent confirmation and infill drilling, comprehensive QA/QC procedures implemented by IronClad's resource development team and reviews by independent experts of various key components such as QAQC, bulk density, database and block modelling.

The resources were estimated to an adequate level of detail for various zones, given the current data set for the various elements. The quality of data as presented allowed work to be carried out in accordance with the JORC 2004 Code.

Ravensgate's opinion is that this overall resource reporting outcome is reasonable. The associated application of modifying factors for this purpose and the risk assessment is reasonable for the Wilcherry Hill resource model. Ravensgate recommends a review of the JORC Resource Classification criteria, according to the 2012 edition, to be used in future revised reporting of this resource which will provide better supporting evidence for classification criteria.



### 7.7.5 Hercules Mineral Resource

Hercules is located 50km north-east of Kimba and 15km due east of the Wilcherry Hill Iron Project (Figure 26). It is considered to represent a conventional banded iron formation target considerably different to the magnetite skarn mineralisation of IronClad's other iron ore deposits and prospects.

The broader Hercules area comprises a north-northwest trending low ridge of outcropping Proterozoic siliceous banded iron formation approximately 3km in length and up to 450m in width. Ferruginous lag, ferruginous duricrust rises and ironstone subcrop can be found along the flanks of the outcrop. The geology consists of similar rocks to those seen in the Middleback Range iron deposits 70km to the southeast, with the main host to Hercules iron-manganese mineralisation being Early Proterozoic age chemical sedimentary units of the Lower Middleback Jaspilite and Katunga Dolomite formation of the Hutchison Group. Outcropping ridges are dominated by silica-rich banded iron formation and variable iron-rich and iron-depleted banded iron formation interpreted to be part of the Lower Middleback Jaspilite. The prevailing dip of foliation and bedding observed in outcrop is to the west, dips varying from 25° to vertical.

On December 22nd 2008, IronClad announced an inferred mineral resource of 215Mt at 27.7% Fe, 2.7% Al<sub>2</sub>O<sub>3</sub>, 44% SiO<sub>2</sub>, 0.19% P and 4.8% LOI for the Hercules deposit, reported to the JORC Code 2004. This was primarily a magnetite resource (157Mt) with an overlying iron oxide resource (68Mt). This announcement was based on a mineral resource statement issued by Golder Associates dated 15 December 2008. Table 15 below summarises this mineral resource estimate.

**Table 15** *Hercules Mineral Resource Estimate – 0.01% Fe Lower Cut, Dec 2008*

Classification	Material type	Tonnes (Mt)	Fe (%)	Al <sub>2</sub> O <sub>3</sub> (%)	SiO <sub>2</sub> (%)	P (%)	LOI (%)
Inferred	Detrital	5.7	41.6	8.0	22	0.07	7.4
	Goethite/Hematite	44	40.8	3.3	28	0.19	7.4
	Goethite/Manganese	8.9	35.1	3.8	21	0.2	8.9
	Magnetite	157	23.1	2.2	51	0.19	3.7
	<b>Total</b>	<b>215</b>	<b>27.7</b>	<b>2.7</b>	<b>44</b>	<b>0.19</b>	<b>4.8</b>

Neither the ASX announcement or the Golder's statement provided any detail on the drill hole data on which the estimates were based or the methodology used in deriving the estimates. Ravensgate are therefore unable to comment on the quality of the estimates or the quality of the underlying data. Ravensgate note that the cut-off grade used in determining the estimates was reported to be 0.01% Fe which is considered inappropriate and contrasting with the 25% Fe cut-off grade used for the mineral resource estimates of all IronClad's other iron deposits.

Ravensgate consider the Hercules mineral resource estimate to be of low reliability and recommend a new block model and resource estimate be established for the deposit using a rigorous technical methodology, such as was applied to the resource estimates for the Wilcherry Hill iron ore deposits, and that this resource be reported in conformance with the 2012 edition of the JORC Code.

### 7.8 Mining Studies – Ore Reserve and Feasibility Studies

The Wilcherry Hill Iron Project (WHIP) comprises the mining of iron ore at Wilcherry Hill, road transportation to a port at Lucky Bay and export of the ore by transshipment to offshore vessels. The owners undertook a feasibility study on the project which considered development the WHIP in two stages. Initially Stage 1 consisting of mining of three iron ore deposits. These deposits contain both high grade iron ore suitable for direct shipping ore (DSO) and lower grade iron ore suitable for beneficiation using a simple dry magnetic separation (DMS) process. Stage 2 involves the mining of additional deposits and beneficiation of the ore using a wet gravity separation (GS) process.



The feasibility study report presents the findings of the Feasibility Study for the first stage of the Project covering the development phase and the first three years of operation. Ravensgate have derived following comments from the executive summary of the feasibility study report.

The Stage 1 Resource is based on planned mining from three deposits, Weednanna, Weednanna North and Ultima Dam East.

The 2013 mining study by Runge Pincock Minarco indicated that under the economic climate of 2013, the most profitable Stage 1 option to exploit the Wilcherry Hill deposit is to target:

- a 57.0% Fe lump and fines product for DSO and
- a 52.7% Fe DMS product

This study estimated an Ore Reserve comprising a total of 3.5 Mt of Open Cut Ore Reserves for the Wilcherry Hill Iron Ore Project which are categorised Proved and Probable in accordance with the JORC Code 2004. After application of metallurgical factors this resulted in 2.9 Mt at 55.5% Fe of Open Cut Marketable Reserves made up of 1.9 Mt DSO ore with average grade of 57% Fe and DMS product with an average concentrate grade of 52.6% Fe.

A mining schedule has been developed to achieve a production rate of 1 Mtpa of iron ore product. Based on the current project schedule, Stage 1 mining is expected to commence in May 2014 and continue for 3 years.

Mining will be carried out by a contractor and overseen by on-site IronClad personnel. Using a conventional truck and shovel open cut mining method in the three deposits, the study delineated a total JORC compliant marketable Reserve of 2.9Mt at 55.5% Fe.

The Stage 1 pits are relatively shallow with an average pit depth of approximately 50m. In the main pit, Weednanna, the DSO starts at the surface and in the other pits DMS ore is present in surface outcropping. The water table depth ranges from 30m to 50m below surface. Hydrological investigations have determined that any water inflow to the pits will be small and capable of being handled by pumping from in-pit sumps.

Ore from the pits will be hauled to a central processing pad where it will be dumped in finger stockpiles ready for crushing. The target maximum size for ore feed to crushers is 600mm. Generally, mine waste will be carted to waste dumps adjacent to each pit. Partial backfilling of some pits will occur with solid rejects from the DMS plant.

IronClad has conducted a series of test work programs over a three year period investigating several options for processing ore from Wilcherry Hill.

Following initial test work programs aimed at producing base data on physical properties, ore characteristics and responses to a range of traditional treatment steps, three main processing options were selected for more detailed consideration. These were:

- Crushing and screening to produce DSO from high grade ore;
- DMS for magnetic ore; and
- Gravity separation (GS) for low to medium grade non-magnetic ore.

Mining and processing in Stage 1 will occur over a 3 year period. DSO ore will be mined and crushed in the first year of operations and DMS processing will commence in the second year. There will be some overlap in the DSO and DMS processing phases, which will necessitate some temporary stockpiling of uncrushed ore for limited periods.

The Wilcherry Hill ore varies in its crushing properties between ore domains and pits. In general, the DSO ore has only moderate hardness and crushes relatively easily. The as-mined ore will be delivered to the Run of Mine (ROM) storage pad and stored in finger stockpiles, which will allow feeding of a blend of different ore grades to the primary crusher if required. The DSO will be crushed using conventional two stage crushing and screening to produce a lump and fines product with an expected split of 60% lump and 40% fines.

IronClad has reviewed options for contract crushing or crushing with plant owned and operated by IronClad itself (owner crushing). The financial modelling for the Project is based on owner crushing but the option of contract crushing will be further assessed on tenders received from a planned tender process in early 2014.



Ore feed to a DMS plant will involve crushing the ore to a size Processing 98% finer than 6.3 mm. This will involve adding a tertiary crushing stage to the circuit. The DMS process involves magnetic separation by passing dry crushed ore through vertical chutes in which are mounted rotating magnets. As the ore passes the magnets, the more magnetic particles in the falling ore stream are attracted towards the magnets creating an enhanced Fe grade product stream and a low grade rejects stream. The plant will have two parallel trains each with a single stage magnetic separation stage. Although test work showed that a higher grade concentrate can be achieved using a two-stage rougher and cleaner stage process, the single stage process results in an increased mass yield of lower concentrate grade but overall an increase in revenue.

At 95% availability, the DMS plant will have the capacity to produce 1.1Mtpa of magnetic product at an average mass yield of 54.7% based on a throughput rate of 240tonnes per hour. The plant consists of two parallel trains of simple construction and is capable of almost complete modularisation and pre assembly off site, thereby minimising on site labour for installation.

Modest infrastructure is required at the mine site including:

- Haul Roads for heavy plant and machinery linking mine pits to process area and workshops;
- Roads for light vehicles linking haul road, process plant area, administration offices, storage facilities, water bores and an explosives magazine;
- Water storage - potable and non-potable (bore water);
- Power generation;
- Telecommunications;
- Offices and workshops.
- Weighbridge.
- Infrastructure outside the Mining Lease comprises:
  - \*Selected upgrades of selected public roads and intersections along the ore haulage route from the mine to port;
  - \*Port facilities including harbour extension, approach channel deepening, ore buffer storage area, barge berths, container storage hardstand and haul access road to the dock at Lucky Bay;
  - \*Accommodation Village in Kimba (completed)

The majority of the mine infrastructure will be established by the selected mining contractor. Roads outside the Mine Lease are public roads and modifications to suit haulage trucks will be constructed by the District Councils of Franklin Harbour and Kimba. Some road upgrades have been carried out previously by the Kimba Council. The on-shore port facilities will be constructed by IronClad's appointed civil and earthwork contractors. The harbour extension and navigation channel will be constructed by the owner of the Lucky Bay harbour, Sea Transport SA Pty Ltd.

Crushed ore will be hauled by road from the mine to the port at Lucky Bay using a haulage contractor. Almost the entire haul route is along public roads. The ore will be transported in conventional double road train tip trucks with a combined net payload of 54t. The mass of ore carried by each truck will be controlled by a weighbridge which will be installed at the mine adjacent to the crushed ore stockpile area. The weighbridge will accommodate a complete double road train in a single pass.

Each return trip between the mine and port takes approximately 5.5 hours (including loading and unloading) based on tests performed with loaded road trains. Haulage to the port will continue on a 24hr/day basis. Using 15 double road train rigs, the nominal haulage rate is 3,240tonnes per day. For a Panamax vessel carrying 70,000t, the time taken to stockpile this quantity at the port is approximately 22 days.

Export of the iron ore product will be carried out through the Lucky Bay export facility. Sea Transport, the owner of the existing ferry harbour at Lucky Bay, will construct an extension to the harbour, deepen the existing harbour and dredge the seaward approach channel to suit IronClad's proposed operations.

Ore delivered to Lucky Bay will be placed on the ground in the buffer stockpile area located 1km inland from the harbour. A front end loader will push the ore into discrete stockpiles which will be temporarily covered until ready for export. Once an export vessel arrives offshore, the ore will



be loaded into covered containers for haulage to the harbour. IronClad will construct a loading dock in the extended harbour and tranship the ore in containers by barge to export vessels moored 10km offshore. The vessels will be loaded using a barge crane fitted with a container rotating device which will empty the container into the ship's hold. The export facility will be operated by IronClad.

IronClad conducted a trial of this containerised loading system to demonstrate the operation and measure cycle times of the lifting, unloading and returning containers to the barge. The trial was successful and timings measured were used in the simulation modelling of the transshipment operation performed by Adelaide University. Loading time of a Panamax size vessel is estimated to take between 6.5 to 8.5 days.

The development stage of the Project will be managed by IronClad personnel under the management of the Project Director. Most of the required personnel to manage the development of the WHIP are currently members of the project team either as staff or as individual specialist consultants.

The contracting approach for Stage 1 of the Project is to use local Adelaide consultants to produce designs and then award multiple mid-sized construction contracts for the development stage. IronClad will perform the tendering and project management activities. Competitive tendering will be used for all contracts with tender enquiries issued to selected companies. Preference will generally be given to South Australian vendors and contractors. Local contractors on the Eyre Peninsula will also be given opportunity to tender for appropriate packages of work.

In order to protect the Project schedule, IronClad has commissioned the detail design of the Project infrastructure in Q4 2013 and will call tenders for the larger construction and equipment supply packages prior to Board Approval to proceed with the construction phase. These packages primarily relate to work and equipment at Lucky Bay.

In the operations stage, IronClad will appoint contractors for the majority of the work with selected activities executed by IronClad. The main packages for the Operations phase are the contract mining and road haulage. Tenders for these packages were received in mid 2013 but the work will be retendered in early 2014. This will incorporate the latest ore production schedules and to take advantage of the more competitive contracting market that has developed in South Australia in the last 12 months.

Upgrades of public roads along the haul route will be tendered and constructed by the District Councils of Franklin Harbour and Kimba. Some of this work is near to the critical path in the Project schedule. IronClad will provide the design drawings for the road works for use by the Councils and to this end, has commissioned the design of the road works in several packages from late 2012 to the present.

All Statutory Approvals required for the Project are in place including final approval for the variation to the existing Development Approval for the Lucky Bay export facility which was approved on 29 November 2013.

A Project schedule for Stage 1 development has been developed for activities leading up to first ore on ship. The Project critical path runs through:

- Development Assessment Commission (DAC) approval of the Lucky Bay Development Approval amendment;
- Securing project finance package;
- Board Approval to proceed;
- Construction of the Lucky Bay infrastructure;
- Delivery and commissioning of marine fleet.

IronClad has signed a Sales Purchase Agreement with Hong Kong based resources industry investment group, New Page Investments Limited, who is the second biggest shareholder in IronClad with a 6.9% shareholding. New Page Investments Limited is also the major shareholder in China-based global steel trading, distribution, processing and manufacturing company, Novo Group Ltd. Novo is dual listed on the Hong Kong and Singapore stock exchanges and has investments in the Australian iron ore industry. Novo also has a Joint Venture with China's Qingdao Port Investment and Construction Group Co. Ltd for the stockpiling, processing and distribution of iron ore within China.



The New Page Agreement with IronClad is for the off take of up to 50% of the annual iron ore production of WHIP iron ore for the first four years of production. Sales will be made on a delivered China basis; the selling price will be negotiated for each shipment using current spot iron ore prices as a benchmark.

In mid-2103, IronClad commissioned a report by independent UK analyst CRU International to provide a forecast for both the 57% DSO product and the lower grade DMS product (52.7%). These price forecasts have been used in the IronClad financial modelling for the Project.

The Feasibility Study demonstrates that Stage 1 of the WHIP is economically viable as a stand-alone project. Based on the September 2013 JORC compliant Resource and the 62% Iron Ore price of US\$120/t, the base case for the Reserve generates a Free Cash Flow to Equity (FCFE) of A\$26.5 million, NPV @ 10% of A\$17.5M and IRR of 50.5%.

The capital expenditure required to achieve the initial export shipment is estimated at \$22 million.

This reports addresses in detail the proposed stage 1 development of the WHIP but IronClad has other stages of development under consideration. The financial analysis considers stage 1 as a stand- alone project with no contribution from processing ore from other identified near surface iron ore deposits outside the current mining lease or within the adjacent exploration leases, nor does it consider the impacts of processing deeper ore in the Wilcherry Hill pits through a gravity separation plant.

Ongoing exploration and recent detailed ground magnetic surveys on the leases have identified more than 100 other near surface prospects. In addition, the recent drilling on the Hercules East deposit has intersected significant intersections of high grade manganese ore which are currently being investigated.



## PART 4

### 8. VALUATION

#### 8.1 Introduction

There are a number of recognised methods used in valuing mineral assets. The most appropriate application of these various methods depends on several factors, including the level of maturity of the mineral asset, and the quantity and type of information available in relation to the asset. All monetary values included in this report are expressed in Australian dollars (A\$) unless otherwise stated.

The VALMIN Code, which is binding upon Experts and Specialists involved in the valuation of mineral assets and mineral securities, classifies mineral assets in the following categories:

- Exploration Areas refer to properties where mineralisation may or may not have been identified, but where specifically a Mineral Resource has not been identified.
- Advanced Exploration Areas refer to properties where considerable exploration has been undertaken and specific targets have been identified that warrant further detailed evaluation, usually by some form of detailed geological sampling. A Mineral Resource may or may not have been estimated but sufficient work will have been undertaken that provides a good understanding of mineralisation and that further work will elevate a prospect to the resource category. Ravensgate considers any identified Mineral Resources in this category would tend to be of relatively lower geological confidence.
- Pre-Development Projects are those where Mineral Resources have been identified and their extent estimated, but where a positive development decision has not been made. This includes projects at an early assessment stage, on care and maintenance or where a decision has been made not to proceed with immediate development.
- Development Projects refers to properties which have been committed to production, but which have not been commissioned or are not operating at design levels.
- Operating Mines are those mineral properties, which have been fully commissioned and are in production.

Various recognised valuation methods are designed to provide the most accurate estimate of the asset value in each of these categories of project maturity. In some instances, a particular mineral property or project may include assets that comprise one or more of these categories. When valuing Exploration Areas and therefore by default where the potential is inherently more speculative than more advanced projects, the valuation is largely dependent on the informed, professional opinion of the valuer. There are a number of methods available to the valuer when appraising Exploration Areas.

The Multiple of Exploration Expenditure (MEE) method can be used to derive project value, when recent exploration expenditure is known or can be reasonably estimated. This method involves applying a premium or discount to the exploration expenditure or Expenditure Base (EB) through application of a Prospectivity Enhancement Multiplier (PEM). This factor directly relates to the success or failure of exploration completed to date, and to an assessment of the future potential of the asset. The method is based on the premise that a grass roots project commences with a nominal value that increases with positive exploration results from increasing exploration expenditure. Conversely, where exploration results are consistently negative, exploration expenditure will decrease along with the value. The following guidelines are presented on selection of the PEM:

- PEM = 1. Exploration activities and evaluation of mineralisation potential justifies continuing exploration.
- PEM = 2. Exploration activities and evaluation of mineralisation potential has identified encouraging drill intersections or anomalies, with targets of noteworthy interest generated.
- PEM = 3. Exploration activities and evaluation of mineralisation potential has identified significant grade intersections and mineralisation continuity.

Where transactions including sales and joint ventures relating to mineral assets that are comparable in terms of location, timing, mineralisation style and commodity, and where the terms





of the sale are suitably “arm’s length” in accordance with the VALMIN Code, such transactions may be used as a guide to, or a means of, valuation. This method (termed Comparable Transactions) is considered highly appropriate in a volatile financial environment where other cost based methods may tend to overstate value.

The Joint Venture Terms valuation method may be used to determine value where a Joint Venture Agreement has been negotiated at “arm’s length” between two parties. When calculating the value of an agreement that includes future expenditure, cash and/or shares payments, it is considered appropriate to discount expenditure or future payments by applying a discount rate to the mid-point of the term of the earn-in phase. Discount factors are also applied to each earn-in stage to reflect the degree of confidence that the full expenditure specified to completion of any stage will occur. The value assigned to the second and any subsequent earn-in stages always involves increased risk that each subsequent stage of the agreement will not be completed, from technical, economic and market factors. Therefore, when deriving a technical value using the Joint Venture Terms method, Ravensgate considers it appropriate to only value the first stage of an earn-in Joint Venture Agreement. Ravensgate have applied a discount rate of 10.0% per annum to reflect an average company’s cost of capital and the effect of inflation on required exploration spends over the timeframe required.

The total project value of the initial earn-in period can be estimated by assigning a 100% value, based on the deemed equity of the farminor, as follows:

$$V_{100} = \frac{100}{D} \left[ CP + \left( CE * \frac{1}{(1+I)^{\frac{t}{2}}} \right) + \left( EE * \frac{1}{(1+I)^{\frac{t}{2}}} * P \right) \right]$$

where:

- $V_{100}$  = Value of 100% equity in the project (\$)
- $D$  = Deemed equity of the farminor (%)
- $CP$  = Cash equivalent of initial payments of cash and/or stock (\$)
- $CE$  = Cash equivalent of committed, but future, exploration expenditure and payments of cash and/or stock (\$)
- $EE$  = Uncommitted, notional exploration expenditure proposed in the agreement and/or uncommitted future cash payments (\$)
- $I$  = Discount rate (% per annum)
- $t$  = Term of the Stage (years)
- $P$  = Probability factor between 0 and 1, assigned by the valuer, and reflecting the likelihood that the Stage will proceed to completion.

Where Mineral Resources remain in the Inferred category, reflecting a lower level of technical confidence, the application of mining parameters using the more conventional DCF/NPV approach may be problematic or inappropriate and technical development studies may be at scoping study level. In these instances it is considered appropriate to use the ‘in-situ’ Resource method of valuation for these assets. This technique involves application of a heavily discounted valuation of the total in-situ metal or commodity contained within the resource. The level of discount applied will vary based on a range of factors including physiography and proximity to infrastructure or processing facilities. Typically and as a guideline, the discounted value is between 1% and 5% of the in-ground value of the metal in the Mineral Resource.

In the case of Pre-development, Development and Mining Projects, where Measured and Indicated Mineral Resources have been estimated and mining and processing considerations are known or can be reasonably determined, valuations can be derived with a reasonable degree of confidence by compiling a discounted cash flow (DCF) and determining the net present value (NPV).

The Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2012 Edition) sets out minimum standards, recommendations and guidelines. A Mineral Resource defines a mineral deposit with reasonable prospects of economic extraction. Mineral Resources are sub-divided into Inferred, Indicated and Measured to represent increasing



geological confidence from known, estimated or interpreted specific geological evidence and knowledge. An Ore Reserve is the economically minable part of a Measured or Indicated Resource after appropriate studies. An Inferred Resource reflecting insufficient geological knowledge, cannot translate into an Ore Reserve. Measured Resources may become Proved (highest confidence) or Probable Reserves. Indicated Resources may only become Probable Reserves.

## 8.2 Previous Mineral Asset Valuations

Ravensgate is not aware, nor have we been made aware, of any valuations over Trafford's or IronClad's Australian projects. Exploration tenements have not been included in the valuation where tenure or permits have not been granted to the relevant company and the company does not therefore have any ownership over tenement mineral assets or any exploration value within the tenements. Whilst ground is under application, there are uncertainties as to whether the tenement will be granted in its entirety or only part due to specific exclusions or if at all, due to environmental, Native Titel or other considerations. There could be competing applications for the same ground with no guarantee that Trafford or IronClad would be successful in its application.

## 8.3 Material Agreements

Ravensgate has been commissioned by BDO to provide an Independent Technical Project Review and Valuation Report. The Technical Project Review and Valuation report encompasses Trafford's and IronClad's Australian projects. The Technical Valuation report provides an assessment of the Australian *Predevelopment Project*, *Advanced Exploration Area* and *Exploration Area* mineral assets listed below in which Trafford and IronClad have various ownership interests.

<u>Trafford Mineral Assets</u>	<u>Trafford Ownership %</u>
Wilcherry Hill Project	20% (Fe rights JV Tenure) & 100%
Western Gawler Craton Project	51% (Au rights JV Tenure) & 100%
Twin Peaks Project	51% (Fe rights JV Tenure) & 100%
Lynas Find Project	80% (Au rights JV Tenure) & 100%
<u>IronClad Mineral Assets</u>	<u>IronClad Ownership %</u>
Wilcherry Hill Iron Project	80% (Fe Rights JV Tenure)

Ravensgate understands all active mining and exploration tenements to be valued are granted at this point in time and are in good standing. Details of any material agreements and/or any royalties between companies can be found in Sections 3.2, 4.2, 5.2, 6.2 and 7.2.

Ravensgate is not aware, nor have been made aware, of any other agreements that have a material effect on the provisional valuations of the mineral assets, and on this basis have made no adjustments on this account.

## 8.4 Comparable Transactions

Ravensgate has completed the following searches for publicly available market transactions:

- Magnetite iron ore Mineral Resources in Australia;
- Exploration Area mineral assets prospective for various commodities, without Mineral Resources within South Australia;
- Gold Mineral Resources in Australia having between 0.05Moz and 0.30Moz of contained gold and an average grade <3.00g/t gold;
- Exploration Area mineral assets prospective for primarily gold on prospecting licences, without Mineral Resources within Western Australia; and
- Exploration Area mineral assets prospective for iron ore on exploration licences, without Mineral Resources within Western Australia



Transactions reflect comparable tenement holdings in geological provinces that are considered prospective for similar commodities, and that are of similar prospectivity to the mineral assets being valued. In Ravensgate's opinion and experience, it is understood that individual market transactions are rarely completely identical to the relevant project area or may not necessarily contain all the required information for compilation. In practice, a range of implied values on a dollar per metal unit or dollar per square kilometre of tenement holding will be defined as suitable for use. The transactions identified along with the implied cash-equivalent values are summarised in Section 8.4.1 by commodity and region. Based on the limited information available Ravensgate have done their best to only use transactions between willing buyers and sellers in arms length transactions.

Publicly available market transactions have been separated to reflect transactions on a dollar per square kilometre of tenement holding or on a dollar per metal unit for a more advanced Exploration Target or Mineral Resource. This was undertaken to reflect the varying levels of geological exploration carried out within the various project tenements. In general terms, exploration projects may start with a relatively large tenement holding where a lack of detailed geological sampling and knowledge renders the use of the "in-situ" yardstick valuation method inappropriate (i.e. an Exploration Area Mineral Asset). For these particularly early-stage exploration areas comparable transactions on a dollar per square kilometre basis are more relevant. As the project advances and as geological sampling and knowledge increase, tenement areas tend to decrease to match a narrowing focus on more prospective areas. For these areas where specific, drill sample supported Exploration Targets have been identified that warrant further detailed evaluation or Mineral Resources require estimation, comparable transactions on a dollar per metal unit basis may be more appropriate (i.e. an *Advanced Exploration Area Mineral Asset* or *Pre-Development Project* at early assessment).

To compare the Mineral Resource transactions of magnetite iron ore and gold projects, they are normalised to take into account the change in the iron ore and gold price respectively and variations in exchange rates. This is done by taking the implied value per tonne of iron ore or the value per ounce of gold and dividing it by the iron ore and gold price in Australian dollars respectively at the time of the transaction and expressing the resultant value as a percentage.

## 8.4.1 Reported Market Transactions

### 8.4.1.1 Reported Market Transactions for Magnetite Iron Ore Resources in Australia

Ravensgate's analysis of market transactions for magnetite iron ore projects with Mineral Resource in Australia (Table 16) indicates an implied value between \$0.005 and \$1.27 per resource tonne of iron. The implied value per tonne is dependent on the resource category (Measured, Indicated or Inferred) and the average grades of the iron ore mineral resource and potential deleterious elements. The implied value was also affected by the strategic importance of the resources to the purchaser.

To take into account the change in the iron ore prices over time, for each transaction in Table 16 the implied value per tonne of iron ore has been divided by the iron ore price in Australian dollars at the time of the transaction then expressed as a percentage (Table 17) and ranked from highest to lowest in terms of percentage. The normalised range of the transactions was 0.01% to 0.89%.

### 8.4.1.2 Market Transactions for Exploration Projects in South Australia

Ravensgate's analysis of *Exploration Area* mineral assets prospective for various commodities without Mineral Resources in South Australia (Table 18) indicates an implied value between \$170 and \$15,675 per km<sup>2</sup> for *Exploration Area* mineral assets, with no estimated Mineral Resources in accordance with the JORC Code (2012 Edition). The implied value per km<sup>2</sup> is affected by the exploration stage, the strategic importance of the tenements and the presence of known mineralisation upon them and the grade of the mineralisation.

### 8.4.1.3 Market Transactions for Gold Mineral Resources in Australia

Ravensgate's analysis of market transactions for gold projects with Mineral Resources with between 0.05Moz and 0.30Moz of contained gold and an average grade <3.00g/t gold in Australia (Table 19) indicates an implied value between \$3.27 and \$78.20 per resource ounce of gold. The



implied value per ounce is dependent on the resource category (Measured, Indicated or Inferred) and the average gold grade of the mineral resource. The implied value was also affected by the strategic importance of the resources to the purchaser.

To take into account the change in the gold prices over time, for each transaction in Table 19 the implied value per ounce of gold has been divided by the gold price in Australian dollars at the time of the transaction then expressed as a percentage (Table 20) and ranked from highest to lowest in terms of percentage. The normalised range of the transactions was 0.25% to 5.55%.

#### **8.4.1.4 Market Transactions for Prospecting Licences in Western Australia**

Ravensgate's analysis of *Exploration Area* mineral assets prospective primarily for gold without Mineral Resources on prospecting licences in Western Australia (Table 21) indicates an implied value between \$6,595 and \$465,116 per km<sup>2</sup> for *Exploration Area* mineral assets, with no estimated Mineral Resources in accordance with the JORC Code (2012 Edition). The implied value per km<sup>2</sup> is affected by the exploration stage, the strategic importance of the tenements and the presence of known mineralisation upon them and the grade of the mineralisation.

#### **8.4.1.5 Market Transactions for Exploration Licences in Western Australia**

Ravensgate's analysis of *Exploration Area* mineral assets prospective primarily for iron ore without Mineral Resources on exploration licences in Western Australia (Table 22) indicates an implied value between \$317 and \$97,790 per km<sup>2</sup> for *Exploration Area* mineral assets, with no estimated Mineral Resources in accordance with the JORC Code (2012 Edition). The implied value per km<sup>2</sup> is affected by the exploration stage, the strategic importance of the tenements and the presence of known mineralisation upon them and the grade of the mineralisation.



**Table 16**      *Market Transactions for Magnetite Iron Ore Mineral Resources*

Date	Project	Vendor	Purchaser	Contained Fe Metal Tonnes (Mt)	Purchase Price 100% Basis (\$M)	Implied Value / Metal Tonne (\$)
22-Dec-14	Yogi Mine	Ferrowest Limited	Padbury Mining Limited	157.5	0.77	0.005
3-Dec-14	Die Hardy & Johnson Range	Radar Iron Limited	Padbury Mining Limited	93.3	0.51	0.005
10-Sep-14	Mt Woods	IMX Resources Limited	Cu-River Mining Australia Pty Ltd	154.2	3.68	0.02
24-Apr-14	Yerecoin	Cliffs Magnetite Holdings Pty Ltd	Radar Iron Ltd	114.4	3.61	0.03
24-Mar-14	Fe1 Magnetite	Athena Resources Limited	Private Purchaser	5.8	3.57	0.61
16-Aug-13	Iron Bridge	Fortescue Metals Group Ltd	Formosa Plastics Group	1,043.3	433.07	0.42
4-Jul-13	Balla Balla	Forge Resources Ltd	The Todd Corporation Limited	203.8	100.00	0.49
27-Mar-13	Hawsons	Bonython Metals Group Pty Ltd	Pure Metals Pty Ltd	153.8	22.00	0.14
26-Mar-13	Mt Forrest	Mindax Limited	Perpetual Mining Holding Limited	544.0	92.69	0.17
23-Dec-11	Yerecoin	Atlas Iron Limited	Cliffs Natural Resources	57.7	18.00	0.31
16-Dec-11	Balla Balla	Atlas Iron Limited	Forge Resources Limited	203.8	37.95	0.19
04-Aug-11	Irvine Island	Pluton Resources Limited	Timeone Holdings Limited	137.3	100.00	0.73
07-Jun-11	Yalgoo	Ferrowest Limited	Sichuan Taifeng Group	157.5	47.63	0.30
24-Feb-11	Mt Oscar	Fox Resources Limited	Breeton Pty Ltd	24.6	31.27	1.27
12-Jul-10	Beyondie	De Grey Mining Ltd	Emergent Resources Limited	154.3	30.25	0.20
10-Mar-10	Balla Balla	Aurox Resources Limited	Atlas Iron Limited	205.2	*143.00 107.25	0.70 0.52
10-Aug-09	Irvine Island	Cliffs Natural Resources	Pluton Resources Limited	26.5	27.52	1.04

*Note: Differences may occur due to rounding errors.*

*\*The transaction between Atlas Iron Limited and Aurox Resources Limited was a company takeover, values in italics have had a nominal 25% control premium removed.*



**Table 17** Summary of Market Transactions Involving Magnetite Iron Ore Mineral Resources

Transaction Date	Property Value A\$M	Contained Fe Mt	A\$/t Fe	Fe Price on Trans Date		A\$/t as % of Fe Price
				US\$/t FE	A\$/t Fe	
10-Aug-09	27.52	26.5	1.04	97.67	116.61	0.89%
24-Feb-11	31.27	24.6	1.27	169.36	169.07	0.75%
24-Mar-14	3.57	5.8	0.61	111.83	123.15	0.50%
04-Aug-11	100.00	137.3	0.73	177.45	165.15	0.44%
4-Jul-13	100.00	203.8	0.49	127.19	139.46	0.35%
10-Mar-10	107.25	205.2	0.52	139.77	153.50	0.34%
16-Aug-13	433.07	1,043.3	0.42	137.06	149.84	0.28%
23-Dec-11	18.00	57.7	0.31	136.46	134.97	0.23%
07-Jun-11	47.63	157.5	0.30	170.88	159.14	0.19%
12-Jul-10	30.25	154.3	0.20	126.36	143.87	0.14%
16-Dec-11	37.95	203.8	0.19	136.46	137.59	0.14%
26-Mar-13	92.69	544.0	0.17	139.87	133.73	0.13%
27-Mar-13	22.00	153.8	0.14	139.87	133.56	0.11%
10-Sep-14	3.68	154.2	0.02	82.27	89.89	0.03%
24-Apr-14	3.61	114.4	0.03	114.58	123.28	0.03%
3-Dec-14	0.51	93.3	0.005	69.25	82.37	0.01%
22-Dec-14	0.77	157.5	0.005	68.42	83.84	0.01%

Notes: The table shows the market transactions described in Table 16

For the transactions that were takeovers only the values less the nominal 25% control premium are shown.



**Table 18** *Market Transactions Involving Exploration Projects in South Australia*

Date	Vendor	Purchaser/Farminnee	Transaction Type	Prospective Commodities <sup>1</sup>	Value <sup>2</sup> \$M	Area km <sup>2</sup>	Cost per km <sup>2</sup> A\$
24-Nov-14	The Waterberg Coal Company Ltd	Apollo Minerals Limited	Acquisition	Cu	0.125	125	1,002
18-Aug-14	Adelaide Resources Limited	Investigator Resources	Joint Venture	Ag-Pb	0.867	333	2,603
10-Jun-14	Antofagasta PLC	Monax Mining Limited	Joint Venture	IOCG	3.032	283	10,701
21-May-14	Monax Mining Limited	Archer Exploration Ltd	Acquisition	Mn-Fe-Au-BM	0.300	1,016	295
9-Dec-13	Trafford Resources Limited	IronClad Mining Ltd	Joint Venture	Mn	2.407	976	2,466
24-Sep-13	Uranium Equities Limited	Chalice Gold Mines Limited	Joint Venture	IOCGU	4.249	7,746	549
22-Apr-13	Straits Resources Limited	OZ Minerals	Acquisition	IOCGU	2.200	2,556	861
6-Mar-13	Lymex Limited	BKM Management Limited	Acquisition	BM	5.000	2,480	2,016
15-Feb-13	Marmota Energy Ltd	Apollo Minerals Limited	Joint Venture	Fe	0.572	48	11,918
13-Feb-13	Helix Resources Limited	Lodestone Equities Ltd	Acquisition	Fe	8.835	1,336	6,611
11-Feb-13	Mincor Resources NL	Apollo Minerals Limited	Joint Venture	Fe-BM-Au	2.311	624	3,704
9-Jan-13	Diatreme Resources Limited	Braemer Iron Pty Ltd	Joint Venture	Fe	0.891	140	6,366
13-Dec-12	UXA Resources Limited	Straits Resources Limited	Acquisition	IOCGU	0.350	1,596	219
9-Nov-12	Argonaut Resources NL	Sandfire Resources NL	Joint Venture	Cu-Au	7.076	477	14,834
10-Sep-12	Ero Mining Limited	Monax Mining Limited	Joint Venture	IOCG	4.175	439	9,510
7-Aug-12	Private Company	Phoenix Copper Limited	Acquisition	IOCG	0.075	254	295



Date	Vendor	Purchaser/Farminnee	Transaction Type	Prospective Commodities <sup>1</sup>	Value <sup>2</sup> \$M	Area km <sup>2</sup>	Cost per km <sup>2</sup> A\$
7-Aug-12	Southern Gold Limited	Trafford Resources Limited	Acquisition	Au	2.275	2,841	801
24-Jul-12	Helix Resources Limited	Lodestone Equities Ltd	Joint Venture	Fe	4.467	1,336	3,343
13-Jun-12	Tasman Resources Ltd	BHP Billiton	Acquisition	IOCG	3.000	1,176	2,551
30-Apr-12	Archer Exploration Limited	BHP Billiton	Acquisition	IOCG	8.000	3,699	2,163
23-Apr-12	Minotaur Exploration Limited	BHP Billiton	Acquisition	IOCGU	10.000	2,555	3,914
20-Apr-12	Stellar Resources Ltd	Renaissance Uranium Limited	Joint Venture	U-Cu	2.815	840	3,349
29-Mar-12	Minotaur Exploration Limited	Spencer Resources Limited	Acquisition	IOCGU	0.220	1,293	170
24-Jan-12	Maosen Australia Pty Ltd	WPG Resources Ltd	Acquisition	Fe	0.530	57	9,298
28-Dec-11	Archer Exploration Limited	BHP Billiton	Joint Venture	IOCG	7.000	4,421	1,583
17-Oct-11	Argo Exploration Ltd	Mount Isa Mines Limited	Joint Venture	IOCG	6.638	424	15,675
6-Sep-11	Havilah Resources NL	MMG Exploration Pty Ltd	Joint Venture	IOCGU	15.760	4,573	3,446

1. Commodities: Au = Gold, Ag = Silver, Fe = Iron Ore, Mn = Manganese, Cu = Copper, Pb = Lead, BM = Base Metals, U = Uranium, IOCG = Iron Oxide Copper Gold, IOCGU = Iron Oxide Copper Gold Uranium

2. Value is on a 100% equity basis.





**Table 19**     *Market Transactions for Gold Mineral Resources*

Date	Project, Location	Vendor	Purchaser	Contained Au Metal Ounces (Moz)	Purchase Price 100% Basis (A\$M)	Implied Value / Metal Ounce (A\$)
13-Nov-14	White Well Gold Project, WA	Mutiny Gold Ltd & Private Individual	Private purchaser	0.113	1.300	11.50
29-Sep-14	Supplejack Gold Project, NT	Ord River Resources Limited	ABM Resources NL	0.101	0.747	7.38
15-Sep-14	Wilthorpe Gold Project, WA	Meteoric Resources NL	Resourceful Mining Group Pty Ltd	0.062	0.450	7.31
28-Aug-14	Tuckanarra Gold Project, WA	Phosphate Australia Limited	Monument Mining Limited	0.100	3.900	39.08
26-Jun-14	Weerianna Gold Project, WA	Unknown	Artemis Resources Limited	0.070	0.600	8.58
10-Jun-14	Kathleen Valley Gold Project, WA	Glencore PLC	Ramelius Resources Limited	0.130	4.050	31.15
30-May-13	Mt Garnet Gold Project, QLD	Snowmist Pty Limited	Arc Exploration Limited	0.069	1.102	13.95
28-May-13	White Dam Mine, SA	Polymetals Mining Limited	Washington H Soul Pattinson & Company Ltd	0.189	2.880	15.26
20-Dec-12	Spargoville Gold, WA	KalNorth Gold Mines Limited	Mithril Resources Limited	0.087	4.132	47.61
13-Mar-12	Mt Jewell Gold Project, WA	Pioneer Resources Limited	Carrick Gold Limited	0.186	7.409	39.92
25-Jan-12	Geko Gold Project, WA	Gekogold Pty Ltd	Bullabulling Gold Limited	0.145	3.057	21.02
11-Oct-11	Firetower Gold Project, TAS	Greatland Gold PLC	Unity Mining	0.090	3.481	38.68
10-Aug-11	Boorara Gold Project, WA	Polymetals Mining Limited	Macphersons Reward Gold Limited	0.083	3.000	36.00
04-Aug-11	Mt Martin Gold Mine, WA	Australian Mines Limited	Alacer Gold Corp	0.211	7.155	33.88
23-Jun-11	Weerianna Gold Project, WA	Unknown	Artemis Resources Limited	0.070	4.008	57.09
29-Apr-11	Blackburn/Katanning Gold Project, WA	Great Southern Resources Pty Ltd	Ausgold Limited	0.212	16.586	78.20



Date	Project, Location	Vendor	Purchaser	Contained Au Metal Ounces (Moz)	Purchase Price 100% Basis (A\$M)	Implied Value / Metal Ounce (A\$)
21-Jan-11	Spring Hill Gold Project, NT	Western Desert Resources Limited	Thor Mining PLC	0.274	6.781	24.75
10-Aug-10	Blackburn/Katanning Gold Project, WA	Great Southern Resources Pty Ltd	Ausgold Limited	0.212	0.693	3.27
03-Dec-09	Glenburgh Gold Project, WA	Helix Resources Limited	Gascoyne Resources Limited	0.203	3.200	15.76
22-Jul-09	Kalgoorlie North Gold Project	Kalgoorlie Mining Associates Pty Ltd	Atom Energy Limited	0.267	1.986	7.42
26-Feb-09	Yundamindera Gold Project, WA	Nex Metals Explorations Limited	Saracen Gold Mines Limited	0.080	1.857	23.33
29-May-08	Bryah Basin (Three Rivers) Gold Project, WA	Troy Resources NL	Alchemy Resources Limited	0.131	1.310	10.00

Notes: Transactions for gold resources with between 0.050Moz and 0.300Moz of gold and an average grade <3.00g/t Au were only selected.



*Table 20 Summary of Market Transactions Involving Gold Mineral Resources*

Transaction Date	Project Name, Location	Transaction Value \$M	Contained Gold Moz	Cost per oz of Gold at Transaction Date A\$	Au Price <sup>1</sup> on Trans Date A\$/oz Au	Cost per oz as a % of the Au Price
29-Apr-11	Blackburn/Katanning Gold Project, WA	16.586	0.212	78.20	1,407.80	5.55%
23-Jun-11	Weerianna Gold Project, WA	4.008	0.070	57.09	1,443.60	3.95%
20-Dec-12	Spargoville Gold, WA	4.132	0.087	47.61	1,574.60	3.02%
28-Aug-14	Tuckanarra Gold Project, WA	3.900	0.100	39.08	1,377.10	2.84%
13-Mar-12	Mt Jewell Gold project, WA	7.409	0.186	39.92	1,601.44	2.49%
10-Jun-14	Kathleen Valley Gold Project, WA	4.050	0.130	31.15	1,338.07	2.33%
11-Oct-11	Firetower Gold Project, TAS	3.481	0.090	38.68	1,665.66	2.32%
04-Aug-11	Mt Martin Gold Mine, WA	7.155	0.211	33.88	1,575.96	2.15%
10-Aug-11	Boorara Gold Project, WA	3.000	0.083	36.00	1,712.90	2.10%
21-Jan-11	Spring Hill Gold Project, NT	6.781	0.274	24.75	1,362.44	1.82%
26-Feb-09	Yundamindera Gold Project, WA	1.857	0.080	23.33	1,440.33	1.62%
25-Jan-12	Geko Gold Project, WA	3.057	0.145	21.02	1,569.49	1.34%
03-Dec-09	Glenburgh Gold Project, WA	3.200	0.203	15.76	1,301.28	1.21%
29-May-08	Bryah Basin (Three Rivers) Gold Project, WA	1.310	0.131	10.00	918.55	1.09%
28-May-13	White Dam Mine, SA	2.880	0.189	15.26	1,426.57	1.07%
30-May-13	Mt Garnet Gold Project, QLD	1.102	0.069	13.95	1,461.13	0.95%
13-Nov-14	White Well Gold Project, WA	1.300	0.113	11.50	1,334.33	0.86%
22-Jul-09	Kalgoorlie North Gold Project, WA	1.986	0.267	7.42	1,162.93	0.64%
26-Jun-14	Weerianna Gold Project, WA	0.600	0.070	8.58	1,394.32	0.62%



Transaction Date	Project Name, Location	Transaction Value \$M	Contained Gold Moz	Cost per oz of Gold at Transaction Date A\$	Au Price <sup>1</sup> on Trans Date A\$/oz Au	Cost per oz as a % of the Au Price
15-Sep-14	Wilthorpe Gold Project, WA	0.450	0.062	7.31	1,370.75	0.53%
29-Sep-14	Supplejack Gold Project, NT	0.747	0.101	7.38	1,400.84	0.53%
10-Aug-10	Blackburn/Katanning Gold Project, WA	0.693	0.212	3.27	1,307.71	0.25%

*Notes: Transactions for gold resources with between 0.050Moz and 0.300Moz of gold and an average grade <3.00g/t Au were only selected. The table shows the market transactions described in Table 19.*



**Table 21** *Market Transactions Involving Prospecting Licences in Western Australia*

Date	Vendor	Purchaser/Farminnee	Transaction Type	Prospective Commodities <sup>1</sup>	Value <sup>2</sup> \$M	Area km <sup>2</sup>	Cost per km <sup>2</sup> A\$
9-Aug-13	Private Vendors	Stratum Metals Limited	Acquisition	Au	0.110	3.77	29,201
19-Jun-13	Private Vendor	Phoenix Gold Limited	Acquisition	Au	0.030	1.70	17,647
27-May-13	Private Vendors	Bligh Resources Ltd	Acquisition	Au	0.080	0.37	216,216
7-Sep-12	Breakaway Resources Limited	Mithril Resources Limited	Acquisition	Au	0.200	10.45	19,139
12-Dec-11	Northern Mining Limited	Macphersons Reward Gold Limited	Acquisition	Au-Zn-Ag	0.500	1.08	465,116
12-Dec-11	Cazaly Resources Limited	Macphersons Reward Gold Limited	Acquisition	Au-Zn-Ag	0.826	30.10	27,439
12-Dec-11	Unknown Vendor	Macphersons Reward Gold Limited	Acquisition	Au-Zn-Ag	0.100	8.06	12,405
12-Dec-11	Private Person	Macphersons Reward Gold Limited	Acquisition	Au-Zn-Ag	0.005	0.76	6,595
22-Sep-11	Unknown Vendor	Exterra Resources Limited	Acquisition	Au	0.050	1.75	28,571
31-Jan-11	Australian Gold Investments Limited	Phoenix Gold Limited	Acquisition	Au	2.500	24.28	102,965
19-Jan-11	Provider Express Pty Ltd	Paynes Find gold Ltd	Acquisition	Au	0.060	0.43	139,535

1. Commodities: Au = Gold, Ag = Silver, Zn = Zinc

2. Value is on a 100% equity basis.



**Table 22** *Market Transactions Involving Iron Ore Exploration Licences in Western Australia*

Date	Vendor	Purchaser/Farminnee	Transaction Type	Prospective Commodities <sup>1</sup>	Value <sup>2</sup> \$M	Area km <sup>2</sup>	Cost per km <sup>2</sup> A\$
18-Nov-14	Apollo Minerals Limited	Private Company	Acquisition	Fe	0.500	227	2,201
8-Aug-14	Chrysalis Resources Limited	FMG Pilbara Pty Ltd	Option to Purchase	Fe	0.274	89	3,091
30-Jun-14	Gondwana Resources Limited	Atlas Iron Limited	Acquisition	Fe	0.222	67	3,330
28-May-14	Lithex Resources Limited	Atlas Iron Limited	Acquisition	Fe	0.075	182	413
17-Apr-14	XFE Pty Ltd	Coziron Resources Limited	Joint Venture	Fe	4.017	1,022	3,930
29-Jan-14	Glen Shivlock & Meteoric Resources Ltd	Padbury Mining Limited	Acquisition	Fe	0.318	56	5,707
16-Jan-14	Riedel Resources Limited	Fortescue Metals Group	Joint Venture	Au-BM-Fe	0.340	131	2,595
8-Oct-13	Croydon Gold Pty Ltd	Coziron Resources Limited	Acquisition	Fe	0.774	192	4,025
2-Apr-13	Sheffield Resources Limited	Brockman Mining Limited	Acquisition	Fe	1.000	42	24,038
24-Dec-12	Dragon Energy Limited	Golden West Resources Limited	Joint Venture	Fe	1.760	155	11,357
20-Dec-12	Royal Resources Limited	Mount Gibson Iron Limited	Acquisition	Fe	0.500	250	2,000
15-Oct-12	Gondwana Resources Limited	Atlas Iron Limited	Acquisition	Fe	2.333	683	3,415
15-Oct-12	Gondwana Resources Limited	Atlas Iron Limited	Acquisition	Fe	1.300	64	20,424
10-Jul-12	Murchison Metals Ltd	Dragon Energy Ltd	Acquisition	Fe	3.200	284	11,268
30-Apr-12	Midas Resources Limited	Pilbara Commodities Limited	Acquisition	Fe	1.200	144	8,333
30-Mar-12	Nemex Resources Limited	Golden West Resources Limited	Joint Venture	Fe	1.070	420	2,546



Date	Vendor	Purchaser/Farminnee	Transaction Type	Prospective Commodities <sup>1</sup>	Value <sup>2</sup> \$M	Area km <sup>2</sup>	Cost per km <sup>2</sup> A\$
07-Nov-11	Renaissance WA Pty Ltd	Fairstar Resources Limited	Acquisition	Fe	0.104	108	963
01-Nov-11	Private	Aurium Resources Limited	Acquisition	Mn-Fe	0.015	3	5,000
19-Oct-11	Iron Ore Holdings Limited	Azimuth Resources Ltd	Acquisition	Fe	0.225	224	1,004
28-Sep-11	Cliffs Asia Pacific Iron Ore Pty Ltd	Rico Resources Limited	Acquisition	Fe	0.255	481	530
26-Sep-11	Cazaly Resources Limited	Anglo American Exploration (Australia) Pty Ltd	Joint Venture	Fe-Mn	34.370	890	38,618
8-Aug-11	Laconia Resources Limited	Sinoz Mining Investment Group	Joint Venture	Fe	4.860	75	64,805
20-Jul-11	Not Specified	Mayan Iron Corporation Ltd	Acquisition	Fe-Au	0.075	225	333
11-Jul-11	Cazaly Resources Limited	Winmar Resources Limited	Joint Venture	Fe	1.961	177	11,051
11-Jul-11	Cazaly Resources Limited	Winmar Resources Limited	Joint Venture	Fe	0.196	620	317
22-Jun-11	Central Iron Ore Limited	Pacific Ore Limited	Joint Venture	Fe	2.674	120	22,282
16-Feb-11	Lightwave Investments Pty Ltd	Athena Resources Pty Ltd	Acquisition	Fe-Ni-Cu-PGE	4.000	2,820	1,418
11-Feb-11	Reedy Lagoon Corporation Limited	Cliffs Natural Resources Inc	Joint Venture	Fe	6.727	3,338	2,015
18-Jan-11	Meteoric Resources NL	Black Ridge Mining	Joint Venture	Fe-V-Ti	1.294	15	86,243
7-Sep-10	Iron Road Limited	Convergent Minerals Limited	Joint Venture	Fe	0.205	30	6,809
19-May-10	Meteoric Resources NL	Black Ridge Mining	Joint Venture	Fe-V-Ti	1.467	15	97,790
16-Feb-10	Glintan Pty Ltd	Enterprise Metals Limited	Acquisition	Fe	0.786	600	1,310
15-Jul-09	Thundelarra Exploration Limited	Apollo Minerals Limited	Acquisition	Fe	0.225	60	3,750



Date	Vendor	Purchaser/Farminnee	Transaction Type	Prospective Commodities <sup>1</sup>	Value <sup>2</sup> \$M	Area km <sup>2</sup>	Cost per km <sup>2</sup> A\$
29-Jun-09	Mulga Minerals Pty Ltd	Midas Resources Limited	Acquisition	Fe	0.171	144	1,188
7-May-09	Maximus Resources Ltd	Flinders Mines Limited	Acquisition	Fe	1.300	685	1,898

1. Commodities: Fe = Iron Ore, Mn = Manganese, Ti = Titanium, V = Vanadium, Au = Gold, Cu = Copper, Ni = Nickel, BM = Base Metals, PGE = Platinum Group Elements

2. Value is on a 100% equity basis.





### 8.4.2 Commodity Prices

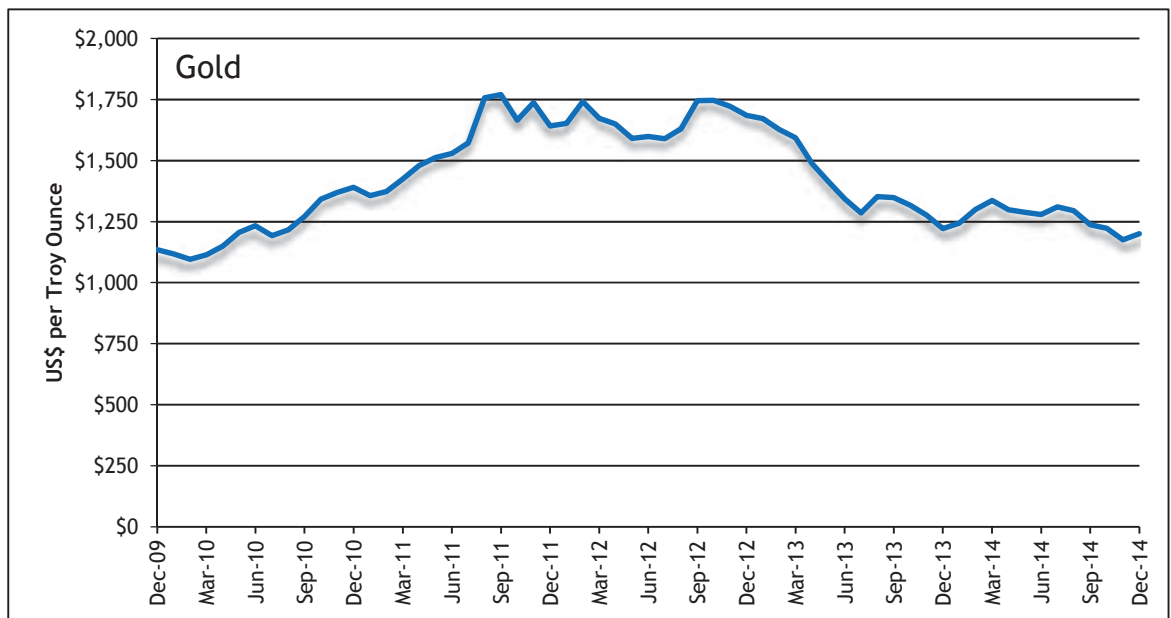
Ravensgate has examined the historical commodity charts for iron ore, gold and tin in Figure 31, Figure 32 and Figure 33 respectively for general trends over time. Ravensgate has taken into consideration the general commodity trend as an influence on deriving a final project valuation.

**Figure 31 Iron Ore Five Year Monthly Average Price Chart to December 2014**



Source: Index Mundi (Iron Ore Fines 62% CFR Tianjin port)

**Figure 32 Gold Five Year Monthly Average Price Chart to December 2014**



Source: Index Mundi (Gold (UK) 99.5% fine London afternoon fixing)



Figure 33 Tin Five Year Monthly Average Price Chart to December 2014



Source: Index Mundi (LME Spot Prices)

## 8.5 Trafford Mineral Asset Valuations

### 8.5.1 Wilcherry Project

To value the Trafford's Wilcherry project Ravensgate has split it into two parts, the area containing the Wilcherry Mineral Resources and the surrounding exploration tenure.

#### 8.5.1.1 Selection of Valuation Method

The Wilcherry Hill project, in which Trafford has a 20% interest of the iron ore rights in tenements EL4421, EL5164, EL5299, EL5470 and ML6390 and 100% of all other commodities in these tenements. In the remaining exploration tenure Trafford as 100% interest in all commodities. The area containing the Wilcherry Hill Mineral Resources can be classified as a *Predevelopment Project* and the surrounding exploration tenure as an *Exploration Area* mineral asset as defined in Section 8.1.

A number of Mineral Resources as defined in the JORC Code (2012 Edition) have been reported for the Wilcherry Hill project. In valuing the mineral asset of the Wilcherry Hill project, Ravensgate have elected to value the Mineral resources based on the resource base and not the most recent Ore Reserves. IronClad had previously announced an Ore Reserve covering some of their Wilcherry Hill Mineral Resources, but this Ore Reserve was estimated at an iron ore price that is considerably higher than the current iron ore price and Ravensgate no longer considers valuing the project based on the Ore Reserve estimate to be appropriate. Due to this Ravensgate considers the DCF/NPV method inappropriate.

Ravensgate has elected to apply the Comparable Transaction method to value the project after consideration of the various valuation methods outlined in Section 8.1 and the geological / exploration information outlined in Section 3. Multiples of Exploration (MEE) and other cost based methods were not thought to be appropriate to apply in this case. MEE and other cost based methods with prospectivity multipliers are very subjective and in Ravensgate's experience can easily over value projects where considerable expenditure has been undertaken and do not provide a good indication of market value.



### 8.5.1.2 Project Analysis – Comparable Transactions Method

Ravensgate’s analysis of market transactions of magnetite iron ore resources in Australia (Table 16) indicates that the implied value of projects with undeveloped magnetite iron ore mineral resources, generally range from \$0.005 to \$1.27 per contained resource tonne of iron. The average and median cost per tonne of iron for all the transactions were \$0.38 and \$0.30, respectively. Analysing the transactions on a normalised basis, which takes into account the change in the commodity prices and foreign exchange rates over time (Table 17), the above range can be expressed as a percentage of the iron ore price being 0.01% to 0.89%. The average and median of these transactions were 0.27% and 0.19%, respectively.

To value the Wilcherry Hill project mineral resources Ravensgate has divided the total mineral resources up between the individual mineral resources that Trafford has 20% equity in. Ravensgate has reviewed these resources and has broken them up into three different groups based on the quality/confidence of the mineral resource estimates to assign baseline value ranges and the preferred values. These three groups are outlined in Table 23. These baseline value ranges and preferred values have been modified where applicable based on the potential for a mineral resource to improve either in tonnes, grade or confidence.

**Table 23 Wilcherry Hill Mineral Resource Valuation Groups**

Group	Mineral Resources	Breakdown with Baseline Ranges
1	Weednanna, Weednanna North and Ultima Dam East (North) Deposits	Mineral resources with Measured, Indicated and Inferred classified resources.
2	Ultima Dam East (South) and Ultima Dam West Deposits.	Mineral resources with Indicated and Inferred classified resources.
3	Hercules Deposit	Mineral resources with Inferred classified resources.

Ravensgate has selected a range and preferred values higher than the average of the normalised comparative transactions for the Mineral Resources associated with Group 1, due to all these Mineral resource being of high confidence and quality. The mineral resources in Group 2 have had a range and preferred value selected just above the average of the normalised comparative transactions value, but lower than the Group 1 Mineral Resources as they are not of as high confidence or quality. The Hercules Mineral Resource in Group 3 has had a range and preferred value selected below the average normalised comparative transactions value at the lower end of the range due to the average grade of the Hercules resource being only 27.11% iron and the Mineral Resource being of only Inferred resource classification.

Ravensgate has derived an implied range with a preferred value per tonne of contained iron to apply to the individual mineral resources listed in Section 7.6, using the iron ore spot price at 21 January 2015 of \$82.57 (US\$67.81) see Table 27 below. These derived values are based on the dollar value per tonne of iron expressed as a percentage of the iron price. These ranges reflect the confidence and iron grade of the mineral resources. These values relate to approximately \$1.27M to \$2.18M for the total contained metal within the current mineral resource estimates (64.47Mt Fe metal). From this range a preferred value of \$1.72M has been selected which reflects the outcome of the exploration to date and the quality of the mineral resources. The range and preferred value were based around the average normalised value of the comparative transactions.

#### Wilcherry Hill Project Surrounding Exploration Tenure

Ravensgate’s analysis of South Australian transactions for *Exploration Area* mineral assets (Table 18) suggests an implied value between \$320 and \$405,381 per km<sup>2</sup> for exploration mineral assets, with no estimated mineral resources in accordance with the JORC Code (2012 Edition). Analysing the transactions in Table 18 in more detail and the value ranges differ on their stage of exploration, prospectivity and how strategic the tenement is to the purchaser. A breakdown of ranges for tenure based on their prospectivity and strategic value are shown in Table 24 below.



**Table 24 South Australian Tenement Value Ranges Breakdown**

Cost per km <sup>2</sup> Range	Comments
\$150 - \$1,000	Grass roots early stage exploration, with limited work or limited exploration potential.
\$1,000 - \$5,000	Average exploration stage, some defined targets for follow up. Mature exploration ground that has been well explored
\$5,000 - \$10,000	Advanced stage exploration with good potential, defined targets ready for resource drilling
\$10,000+	Advanced stage exploration with good potential and/or strategic to the purchaser.

Ravensgate has derived implied ranges and preferred values varying on the tenements prospectivity per km<sup>2</sup> to apply to the area of the granted licences (see Table 25) which have a total combined area of 2,403km<sup>2</sup>, but excludes iron ore prospectivity on EL5470, EL5299, EL5164 and EL4421 which have been valued separately in Table 26, and which have a total combined area of 976km<sup>2</sup>. These values relate to approximately \$2.00M to \$4.06M. From this range a preferred value of \$3.16M has been selected, which reflects the outcome of successful exploration to date and the quality of the exploration ground. Note that ML6390 has not been valued by this method as its value is attributed to the Mineral Resources contained within it.

To derive appropriate values for the various tenements Ravensgate reviewed the exploration data and prospectivity for the various licences and selected an appropriate range based on Table 24. The values attributed to each tenement were based upon a review of the prospectivity and quality of exploration targets on each tenement as described in Section 3.5. A brief description of the factors that have been taken into account in determining the value range and preferred value for the tenements are as follows:

- EL5470: The Valley Dam tenement hosts the Mitchell Pb-Zn target at which epithermal textures and minerals such as adularia have been recorded and Valley Dam which is a possible epithermal gold target running parallel to the Uno Fault. At the Valley Dam prospect minor anomalous gold has been intersected along the edge of the Uno fault and the apparent along strike relationship to the calcrete anomaly at East Houlderroo makes it an interesting conceptual target.
- EL5299: This is the main tenement in the Wilcherry Hill Project tenement package where the majority of drilling and data generation has been carried out and is currently viewed by Trafford as the most important. The most advanced targets for Trafford are the Telephone Dam lead-zinc-silver deposit (which shares similarities to Terramin's Menninnie Dam Pb/Zn deposit to the northwest) and the Weednanna gold deposit - one of the most advanced prospects. There are numerous other examples of occurrences of gold, copper, lead, zinc, uranium, tin, tungsten and other commodities which have been intersected at other prospects, however much more work is required to upgrade these prospects to resource defined deposits. The reason for the prospectivity of EL5299 is the underlying Wilcherry granite, considered to be of Hiltaba age. IronClad have progressed crystalline magnetite deposits at Weednanna, Weednanna North and Ultima Dam East and there remains potential to increase the current resources, specifically at Ultima Dam West. In addition, Cu and Mo mineralisation has been intersected at the Mawson prospect (IOCGU target), Cunyarie Dam lies to the southeast of Mawson, there is a relatively untested iron ore target at the Stuart prospect, a potential epithermal target at East Houlderroo Dam to the north of the tenement and Golden Gate to the north of Weednanna has historical intersections of Au, Cu, Pb, Ag, W and U. The recent identification of tin mineralisation at the Zealous prospect, where IronClad was drilling for iron ore, highlights the prospectivity of the area for multi-commodity discoveries.
- EL5164: The Eurilla Dam tenement hosts the Hercules iron resource which is being developed by IronClad and also hosts manganese mineralisation. The Pier trend is currently the most



interesting exploration target for Trafford, which is a possible extension of the Telephone Dam Deposit, displaying similar Pb-Zn-Ag mineralisation and similarities to Menninnie Dam.

- EL4421: The Peterlumbo tenement is also characterised by underlying granite, known as the Buckleboo Granite, which has been defined by geophysics and outcrops in the southwest corner of EL4421. This granite is also considered to be of Hiltaba age and therefore it is likely that mineralising fluids are also associated. From a geological point of view, this has the potential to be as prospective as EL5299, however the tenement has received <20% of the drilling carried out at EL5299. The tenement hosts the IOCG targets of Death Adder and Olympic Hill, the Black Hills area in the west contains the skarn mineralisation at Oxy's Bore, Reception Hill and Sunday Iron - a dual magnetic anomaly characterized by two circular to east - west striking magnetic features which are similar in appearance to several other magnetite/skarn anomalies within the area. Iron grades (+60% Fe) in a skarn type environment similar in setting to that of the Weednanna and Ultima Dam East prospects increases the potential for DSO at Sunday Iron.
- EL4748: Little work has been carried out on the tenement.
- EL4870: This tenement is in two areas to the south of the project area and has received very little work.
- EL4945: Little work has been carried out on EL4945 and 4946, however Trafford believe there is potential for identifying epithermal style mineralisation.
- EL4946: As above (EL4945).
- EL4443: The tenement has not been renewed and will expire on 14 March 2015.

**Table 25** Valuation of Wilcherry Hill's Exploration Tenure

Tenement	Area km <sup>2</sup>	Equity %	Values Per km <sup>2</sup>			Valuation		
			Low \$	Preferred \$	High \$	Low \$M	Preferred \$M	High \$M
EL5470*	66	100	1,000	1,500	2,000	0.07	0.10	0.13
EL5299*	387	100	1,500	2,500	3,000	0.58	0.97	1.16
EL5164*	115	100	1,000	1,500	2,000	0.12	0.17	0.23
EL4421*	408	100	1,250	2,000	2,750	0.51	0.82	1.12
EL4748	98	100	150	325	500	0.01	0.03	0.05
EL4870	130	100	150	325	500	0.02	0.04	0.07
EL4945	716	100	250	400	550	0.18	0.29	0.39
EL4946	379	100	250	400	550	0.09	0.15	0.21
EL4443	104	100	150	150	250	0.02	0.02	0.03
<b>Total</b>	<b>2,403</b>	<b>100</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>1.60</b>	<b>2.58</b>	<b>3.39</b>

*The valuation has been compiled to an appropriate level of precision and minor rounding errors may occur.*

*\*These tenements exclude value attributed to iron ore prospectivity.*



**Table 26** Valuation of Wilcherry Hill's Iron Ore Joint Venture Exploration Tenure

Tenement	Area km2	Equity %	Values Per km <sup>2</sup>			Valuation		
			Low \$	Preferred \$	High \$	Low \$M	Preferred \$M	High \$M
EL5470	66	20	1,000	1,500	2,000	0.01	0.02	0.03
EL5299*	387	20	3,000	4,500	6,000	0.22	0.33	0.44
EL5164*	115	20	2,500	3,500	4,500	0.05	0.07	0.09
EL4421	408	20	1,500	2,000	1,500	0.12	0.16	0.12
<b>Total</b>	<b>976</b>	<b>20</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>0.40</b>	<b>0.58</b>	<b>0.67</b>

*The valuation has been compiled to an appropriate level of precision and minor rounding errors may occur.*



**Table 27 Wilcherry Hill Mineral Resource Valuation – Trafford 20% Interest**

Resource	Cut-off (%)	Tonnes Mt	Grade Fe (%)	Contained Metal Mt	Trafford's Equity %	Normalised % of Iron Price at 21 January 2015*			Valuation \$M		
						Min	Preferred	Max	Min	Preferred	Max
Weednanna	25	11.20	41.97	4.701	20	0.40	0.50	0.60	0.31	0.39	0.47
Weednanna North	25	9.40	39.25	3.690	20	0.40	0.50	0.60	0.24	0.30	0.37
Ultima Dam East (North)	25	2.30	44.16	1.016	20	0.40	0.50	0.60	0.07	0.08	0.10
Ultima Dam East (South)	25	3.80	36.29	1.379	20	0.30	0.40	0.50	0.07	0.09	0.11
Ultima Dam West	25	3.19	35.09	1.119	20	0.30	0.40	0.50	0.06	0.07	0.09
Hercules	0.01	193.90	27.11	52.566	20	0.06	0.09	0.12	0.52	0.78	1.04
<b>Total</b>	<b>Various</b>	<b>223.79</b>	<b>28.80</b>	<b>64.471</b>	<b>20</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>1.27</b>	<b>1.72</b>	<b>2.18</b>

The valuation has been compiled to an appropriate level of precision and minor rounding errors may occur

\*On the 21 January 2015 the spot Iron price was US\$67.81 (Tianjin 62% Fines CFR) and the foreign exchange rate AUD/USD was 0.8212 (RBA 4pm Close)

**Table 28 Golf Bore Mineral Resource Valuation – Trafford 51% Interest**

Resource Area	Cut-off (g/t)	Tonnes Mt	Grade (g/t)	Ounces	Trafford's Equity %	Normalised % of Gold Price at 21 January 2015*			Equivalent Cost Per Ounce			Valuation \$M		
						Min	Preferred	Max	Min	Preferred	Max	Min	Preferred	Max
Golf Bore - Inferred	0.2	3.236	1.0	102,600	51	0.50%	0.65%	0.80%	\$7.88	\$10.24	\$12.60	0.41	0.54	0.66

The valuation has been compiled to an appropriate level of precision and minor rounding errors may occur.

\*On the 21 January 2015 the spot gold price was US\$1,293.50 (London PM Fix Spot Price) and the foreign exchange rate AUD/USD was 0.8212 (RBA 4pm Close)



## 8.5.2 Western Gawler Craton Project

To value the Western Gawler Craton project Ravensgate has split it into two parts, the tenement containing the Golf Bore Mineral Resource and the surrounding exploration tenure.

### 8.5.2.1 Selection of Valuation Method

The Western Gawler Craton project, in which Trafford has a 51% (gold rights only) joint venture interest in the tenement containing the Golf Bore Mineral Resource can be classified as an *Advanced Exploration Area* and the surrounding exploration tenure that Trafford either has a 51% (gold rights only) joint venture interest or 100% interest in as an *Exploration Area* mineral asset as defined in Section 8.1.

A mineral resource as defined in the JORC Code (2012 Edition) has been reported for the Western Gawler Craton project. In valuing the mineral asset of the Western Gawler Craton project, Ravensgate considers the DCF/NPV method inappropriate, due to the early stage of the project, with all Mineral Resources classified as Inferred and with it not expected to be in production in the near term (1 to 2 years) therefore not allowing a reasonable estimate of technical mining and economic parameters.

Ravensgate has elected to apply the Comparable Transaction method to value the project after consideration of the various valuation methods outlined in Section 8.1 and the geological / exploration information outlined in Section 4. Multiples of Exploration (MEE) and other cost based methods were not thought to be appropriate to apply in this case. MEE and other cost based methods with prospectivity multipliers are very subjective and in Ravensgate's experience can easily over value projects where considerable expenditure has been undertaken and do not provide a good indication of market value.

### 8.5.2.2 Project Analysis – Comparable Transactions Method

Ravensgate has subdivided the Western Gawler Craton project into two parts, the tenement containing the Golf Bore Mineral Resource and the surrounding exploration tenements to be valued on their exploration potential.

#### Western Gawler Craton Project Golf Bore Mineral Resource

Ravensgate's analysis of market transactions of gold resources with between 0.05Moz to 0.30Moz of gold and an average grade <3.00g/t gold in Australia (Table 19) indicates that the implied value of projects with undeveloped gold mineral resources, generally range from \$3.27 to \$78.20 per contained resource ounce of gold. The average and median cost per ounce of gold for all the transactions were \$25.96 and \$23.47, respectively. Analysing the transactions on a normalised basis, which takes into account the change in the commodity prices and foreign exchange rates over time (Table 20), the above range can be expressed as a percentage of the gold price being 0.25% to 5.55%. The average and median of these transactions were 1.79% and 1.61%, respectively.

Looking at all the transactions in more detail the more recent transactions (years 2013 & 2014) have range of \$7.38 to \$39.08 cost per ounce and an average and median cost per ounce of \$16.78 and \$12.73 respectively. The normalised range is 0.53% to 2.84% with the average and median of these transactions were 1.22% and 0.91% respectively.

Ravensgate has derived an implied range with a preferred value per ounce of contained gold to apply to the individual mineral resources listed in Section 4.6, using the gold spot price at 21 January 2015 of \$1,575.13 (US\$1,293.50) see Table 28 above. These derived values are based on the dollar value per ounce of gold expressed as a percentage of the gold price. These ranges reflect the confidence and gold grade of the mineral resources. These values relate to approximately \$0.41M to \$0.66M for the total contained metal within the current mineral resource estimates (102,600oz Au metal). From this range a preferred value of \$0.54M has been selected which reflects the outcome of the exploration to date and the quality of the mineral resources. The range and preferred value were lower than the average normalised value of the comparative transactions due to the low quality of the Mineral Resource being solely of Inferred category and having a low overall average grade of 1.00g/t Au.





## Western Dawler Craton Project Surrounding Exploration Tenure

Ravensgate's analysis of South Australian transactions for *Exploration Area* mineral assets (Table 18) suggests an implied value between \$170 and \$15,675 per km<sup>2</sup> for exploration mineral assets, with no estimated mineral resources in accordance with the JORC Code (2012 Edition). Analysing the transactions in Table 18 in more detail, the value ranges differ on their stage of exploration, prospectivity and how strategic the tenement is to the purchaser. A breakdown of ranges for tenure based on their prospectivity and strategic value are shown in Table 29 below.

**Table 29** South Australian Exploration Licence Value Ranges Breakdown

Cost per km <sup>2</sup> Range	Comments
\$150 - \$1,000	Grass roots early stage exploration, with limited work or limited exploration potential.
\$1,000 - \$5,000	Average exploration stage, some defined targets for follow up. Mature exploration ground that has been well explored
\$5,000 - \$10,000	Advanced stage exploration with good potential, defined targets ready for resource drilling
\$10,000+	Advanced stage exploration with good potential and/or strategic to the purchaser.

Ravensgate has derived implied ranges and preferred values varying on the tenements prospectivity per km<sup>2</sup> to apply to the area of the granted licences (Table 30), which have a total combined area of 7,443km<sup>2</sup>. These values relate to approximately \$2.35M to \$4.10M. From this range a preferred value of \$3.25M has been selected, which reflects the outcome of successful exploration to date and the quality of the exploration ground.

To derive appropriate values for the various tenements Ravensgate reviewed the exploration data and prospectivity for the various licences and selected an appropriate range based on Table 29. The values attributed to each tenement were based upon a review of the prospectivity and quality of exploration targets on each tenement as described in Section 4.5. A brief description of the factors that have been taken into account in determining the value range and preferred value for the tenements are as follows:

- EL4465: Contains the Isthmus prospect and is within the interpreted Brickies - Garford Zone, northeast - southwest prospective gold trend.
- EL4942: A large east-west tenement covering the southern boundary of the Challenger tenement and the proposed Ring Structure Trend Line.
- EL4943: The tenement contains the Contender prospect which has received one round of drilling during Southern Gold's ownership. The interpreted Brickies - Garford Zone, northeast southwest gold trend transects the tenement.
- EL4944: The interpreted Brickies - Garford Zone, northeast - southwest prospective gold trend transects the tenement and contains the Garford, West Garford, Endor and Thunderbolt Tank prospects.
- EL5098: A small tenement to the east of the package. Early stage, greenfields.
- EL5168: Located to the northwest of the Challenger Gold Mine at the boundary of the Brickies - Garford Zone and Challenger - Golf Bore Zone.
- EL5282: Located immediately to the south of the Ring Structure Trend Line in the northern area of the Monsoon Zone.
- EL5283: A large tenement to the south of the package at the southern extent of the interpreted Brickies - Garford Zone, northeast - southwest prospective gold trend.
- EL5284: A tenement to the northeast of the package to the east of the Challenger - Golf Bore Zone. Early stage, greenfields.
- EL5285: The eastern-most, non-contiguous tenement with no data. Very early stage.



- EL5460: Contiguous to the western boundary of EL5283.
- EL5510: A small tenement within the Challenger - Golf Bore Zone to the north of the EL4468 northern block.
- EL5526: This tenement covers the potential northeast extension of the Golf Bore deposit.
- EL5551: Located within the southern area of JV tenement EL5298 within the Mt Christie - South Hilga Zone.
- EL4468: This licence is split into two areas with the northern area surrounding the Challenger Gold Mine. The two areas host some of Trafford's highest priority prospects and targets including the Typhoon and Monsoon prospects in the northern area of the southern block, in the Monsoon Zone. Other prospects include Nemesis, Mystery Bore and Coopers Tank in the Challenger - Golf Bore Zone.
- EL4532: Within the interpreted Brickies - Garford Zone, northeast - southwest prospective gold trend, the Cudyea prospect has returned high calibre gold-in-soil calcrete anomalies with minor drilling carried out at the Brickies prospect returning encouraging results.
- EL4577: This tenement has been valued separately based on the Golf Bore Mineral Resource - refer to section 4.6
- EL4644: The licence contains the Wedgetail and Phoenix prospects within the Challenger - Golf Bore Zone.
- EL4951: Within the interpreted Brickies - Garford Zone, northeast - southwest prospective gold trend, minor drilling has been carried out at the prospects of Chariot and Blowout. The licence also contains the Indooroopilly prospect.
- EL5183: The licence is one of the smaller in the package, but contains the Mainwood prospect which has returned high (up to 20g/t) gold values, within the Challenger - Golf Bore Zone.
- EL5298: The licence contains high calibre gold-in-soil calcrete anomalies with high priority prospects including Campfire Bore, Sandstone and Harwood, with the Challenger - Golf Bore Zone.

**Table 30** Valuation of Western Gawler Craton's Exploration Tenure

Tenement	Area km <sup>2</sup>	Equity %	Values Per km <sup>2</sup>			Valuation		
			Low \$	Preferred \$	High \$	Low \$M	Preferred \$M	High \$M
EL4465	232	100	400	600	800	0.09	0.14	0.19
EL4942	711	100	400	600	800	0.28	0.43	0.57
EL4943	641	100	500	700	800	0.32	0.45	0.51
EL4944	671	100	400	600	800	0.27	0.40	0.54
EL5098	128	100	150	200	250	0.02	0.03	0.03
EL5168	57	100	150	200	250	0.01	0.01	0.01
EL5282	107	100	150	200	250	0.02	0.02	0.03
EL5283	786	100	150	200	250	0.12	0.16	0.20
EL5284	384	100	150	200	250	0.06	0.08	0.10
EL5285	193	100	150	200	250	0.03	0.04	0.05
EL5460	346	100	150	200	250	0.05	0.07	0.09



Tenement	Area km <sup>2</sup>	Equity %	Values Per km <sup>2</sup>			Valuation		
			Low \$	Preferred \$	High \$	Low \$M	Preferred \$M	High \$M
EL5510	36	100	150	200	250	0.01	0.01	0.01
EL5526	295	100	400	600	800	0.12	0.18	0.24
EL5551	204	100	150	200	250	0.03	0.04	0.05
EL4468	687	51	800	1,000	1,200	0.28	0.35	0.42
EL4532	184	51	1,000	1,500	2,000	0.09	0.14	0.19
EL4577*	134	51						
EL4644	42	51	400	600	800	0.01	0.01	0.02
EL4951	149	51	400	600	800	0.03	0.05	0.06
EL5183	36	51	400	600	800	0.01	0.01	0.01
EL5298	1,420	51	700	900	1,100	0.51	0.65	0.80
<b>TOTAL</b>	<b>7,443</b>	<b>51 &amp; 100</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>2.35</b>	<b>3.25</b>	<b>4.10</b>

The valuation has been compiled to an appropriate level of precision and minor rounding errors may occur.

\*Tenement EL4577 has been valued based on the Gold Bore Mineral Resource separately.

### 8.5.3 Twin Peaks Project

#### 8.5.3.1 Selection of Valuation Method

The Twin Peaks project, in which Trafford has a 51% (iron rights only) joint venture interest in two tenements and a 100% interest in one tenement can be classified as an *Exploration Area* mineral asset as defined in Section 8.1.

A mineral resource as defined in the JORC Code (2012 Edition) has not been reported for the Twin Peaks project. In valuing the mineral asset of the Twin Peaks project, Ravensgate considers the DCF/NPV method inappropriate, due to the early stage of the project, with no Mineral Resources defined.

Ravensgate has elected to apply the Comparable Transaction method to value the project after consideration of the various valuation methods outlined in Section 8.1 and the geological / exploration information outlined in Section 5. Multiples of Exploration (MEE) and other cost based methods were not thought to be appropriate to apply in this case. MEE and other cost based methods with prospectivity multipliers are very subjective and in Ravensgate's experience can easily over value projects where considerable expenditure has been undertaken and do not provide a good indication of market value.

#### 8.5.3.2 Project Analysis – Comparable Transactions Method

Ravensgate's analysis of Western Australian exploration licence transactions for *Exploration Area* mineral assets (Table 22) suggests an implied value between \$317 and \$97,790 per km<sup>2</sup> for exploration mineral assets, with no estimated mineral resources in accordance with the JORC Code (2012 Edition). Analysing the transactions in Table 22 in more detail and the value ranges differ on their stage of exploration, prospectivity and how strategic the tenement is to the purchaser. A breakdown of ranges for tenure based on their prospectivity and strategic value are shown in Table 31 below.



Cost per km <sup>2</sup> Range	Comments
\$300 - \$1,500	Grass roots early stage exploration, with limited work or limited exploration potential.
\$1,500 - \$5,000	Average exploration stage, some defined targets for follow up. Mature exploration ground that has been well explored
\$5,000 - \$15,000	Advanced stage exploration with good potential, defined targets ready for resource drilling
\$15,000+	Advanced stage exploration with good potential and/or strategic to the purchaser.

Ravensgate has derived implied ranges and preferred values varying on the tenements prospectivity per km<sup>2</sup> to apply to the area of the granted licences (Table 32), which have a total combined area of 366km<sup>2</sup>. These values relate to approximately \$0.19M to \$0.34M. From this range a preferred value of \$0.26M has been selected, which reflects the outcome of successful exploration to date and the quality of the exploration ground.

To derive appropriate values for the various tenements Ravensgate reviewed the exploration data and prospectivity for the various licences and selected an appropriate range based on Table 31. The values attributed to each tenement were based upon a review of the prospectivity and quality of exploration targets on each tenement as described in Section 5.5. A brief description of the factors that have been taken into account in determining the value range and preferred value for the tenements are as follows:

- E59/1182: Drilling results indicate that the Woolbung Peak Prospect has potential to develop into a boutique open pit, low stripping ratio high grade DSO hematite deposit with low associated contaminants. Following the acceptance of the 1 year term of extension, Trafford plans on further defining the resource at the Woolbung Peak Prospect, as well as complete the first pass drilling at the Three Ay's Prospect. This drill program, associated with the appropriate metallurgy and pre-feasibility studies, would enable TRF to earn 80% equity in the Twin Peaks JV tenements.
- E59/1183: The tenement hosts the Pleiades, Big Lunch and East-West CID prospects, which have potential for economic magnetite BIF.
- E59/1982: This tenement is a large exploration licence that has been recently granted (August 2014) with little work carried out, over a predominantly granitic / gneissic basement.

**Table 32** *Valuation of Twin Peaks' Exploration Tenure*

Tenement	Area km <sup>2</sup>	Equity %	Values Per km <sup>2</sup>			Valuation		
			Low \$	Preferred \$	High \$	Low \$M	Preferred \$M	High \$M
E59/1182	82	51	1,500	2,000	2,500	0.06	0.08	0.10
E59/1183	91	51	1,500	2,000	2,500	0.07	0.09	0.12
E59/1982	192	100	300	450	600	0.06	0.09	0.12
<b>Total</b>	<b>366</b>	<b>51 &amp; 100</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>0.19</b>	<b>0.26</b>	<b>0.34</b>

*The valuation has been compiled to an appropriate level of precision and minor rounding errors may occur.*



## 8.5.4 Lynas Find Project

### 8.5.4.1 Selection of Valuation Method

The Lynas Find project, in which Trafford has an 80% (gold rights only) joint venture interest in one tenement and a 100% interest in the remaining tenements can be classified as an *Exploration Area* mineral asset as defined in Section 8.1.

A mineral resource as defined in the JORC Code (2012 Edition) has not been reported for the Lynas Find project. In valuing the mineral asset of the Lynas Find project, Ravensgate considers the DCF/NPV method inappropriate, due to the early stage of the project, with no Mineral Resources defined.

Ravensgate has elected to apply the Comparable Transaction method to value the project after consideration of the various valuation methods outlined in Section 8.1 and the geological / exploration information outlined in Section 6. Multiples of Exploration (MEE) and other cost based methods were not thought to be appropriate to apply in this case. MEE and other cost based methods with prospectivity multipliers are very subjective and in Ravensgate's experience can easily over value projects where considerable expenditure has been undertaken and do not provide a good indication of market value.

### 8.5.4.2 Project Analysis – Comparable Transactions Method

Ravensgate's analysis of Western Australian prospecting licence transactions for *Exploration Area* mineral assets (Table 21) suggests an implied value between \$6,595 and \$465,116 per km<sup>2</sup> for exploration mineral assets, with no estimated mineral resources in accordance with the JORC Code (2012 Edition). Analysing the transactions in Table 21 in more detail and the value ranges differ on their stage of exploration, prospectivity and how strategic the tenement is to the purchaser. A breakdown of ranges for tenure based on their prospectivity and strategic value are shown in Table 33 below.

**Table 33 Western Australian Prospecting Licence Value Ranges Breakdown**

Cost per km <sup>2</sup> Range	Comments
\$5,000 - \$20,000	Grass roots early stage exploration, with limited work or limited exploration potential.
\$20,000 - \$40,000	Average exploration stage, some defined targets for follow up. Mature exploration ground that has been well explored
\$40,000 - \$150,000	Advanced stage exploration with good potential, defined targets ready for resource drilling
\$150,000+	Advanced stage exploration with good potential and/or strategic to the purchaser.

Ravensgate has previously done an analysis of Western Australian exploration licences in Table 31 in Section 8.5.3.2. In Ravensgate's experience the value ranges of exploration licences do not vary much between different commodities and considers the ranges derived in Section 8.5.3.2 to be appropriate to apply to the exploration licence prospective for gold.

Ravensgate has derived implied ranges and preferred values varying on the tenements prospectivity per km<sup>2</sup> to apply to the area of the granted licences (Table 34), which have a total combined area of 27.58km<sup>2</sup>. These values relate to approximately \$0.54M to \$0.98M. From this range a preferred value of \$0.76M has been selected, which reflects the outcome of successful exploration to date and the quality of the exploration ground.

To derive appropriate values for the various tenements Ravensgate reviewed the exploration data and prospectivity for the various licences and selected an appropriate range based on Table 29. The values attributed to each tenement were based upon a review of the prospectivity and quality of exploration targets on each tenement as described in Section 6.5. A brief description of the



factors that have been taken into account in determining the value range and preferred value for the tenements are as follows:

- E45/2375: The south of the tenement hosts the northern extension of the Old Faithful deposit. The McPhees deposit is located, off licence, to the northeast and the Littlefoot prospect has returned rock chips up to 4.1g/t Au, coincident with a gold-in-soil anomaly. Follow up shallow RC drilling intersected numerous zones with grades greater than 2g/t Au with a highlight of 1m @ 2.6g/t Au in hole LFRC2. This drilling however failed to test as far south as the 2.98g/t Au rock chip sample thereby making this area a high priority exploration target.
- P45/2628: This is a small north-south licence to the east of the Littlefoot prospect and does not contain any identified prospects.
- P45/2629: A small licence containing the historic Old Faithful pit. Although a resource is reported in this area, it is not seen as being current by Trafford.
- P45/2764: The licence contains the Tourmaline Hill prospect and also covers the southern extent of the Old Faithful deposit.
- P45/2765: This was the key area for historic mining, hosting the Iron Stirrup pit and the processing plant - which has since been relocated.
- P45/2766: The Darius prospect is located on the western side of the licence.
- P45/2767: The licence does not contain any identified prospects, but covers the southwest fold area of the belt.
- P45/2768: Contains the Zakanaka historic pit. RAB drilling of a gold in soil anomaly at the West Granite Margin prospect located to the North West of the Main Hill mine and along the same host structure returned intersects of up to 12m @ 2.03g/t Au, in hole WSRC02.
- P45/2769: Positive results have been returned between the historic Main Hill and Breccia Hill pits, with potential to possibly join the two pits together.
- P45/2770: The licence hosts the Mt York and Gossan Hill deposits. Near the Breccia Hill mine, RAB drilling at the Gossan Hill prospect returned 4m @ 1.45g/t Au in hole GHR3. Follow up drilling to the initial scout holes is required in these areas to re-evaluate the exploration potential of the Mount York tenements.
- P45/2771: The licence hosts the possible extension of the Breccia Hill pit.
- P45/2772: The licence hosts the southern area of the belt and is untested.
- P45/2773: As above. (P45/2772)

**Table 34** Valuation of Lynas Find's Exploration Tenure

Tenement	Area km <sup>2</sup>	Equity %	Values Per km <sup>2</sup>			Valuation		
			Low \$	Preferred \$	High \$	Low \$M	Preferred \$M	High \$M
E45/2375	8.81	80	3,000	5,000	7,000	0.02	0.04	0.05
P45/2628	0.36	100	10,000	15,000	20,000	0.00	0.01	0.01
P45/2629	0.19	100	40,000	55,000	70,000	0.01	0.01	0.01
P45/2764	1.95	100	20,000	25,000	30,000	0.04	0.05	0.06
P45/2765	2.00	100	25,000	40,000	55,000	0.05	0.08	0.11
P45/2766	1.99	100	25,000	40,000	55,000	0.05	0.08	0.11
P45/2767	1.99	100	25,000	40,000	55,000	0.05	0.08	0.11
P45/2768	1.71	100	20,000	25,000	30,000	0.03	0.04	0.05



Tenement	Area km <sup>2</sup>	Equity %	Values Per km <sup>2</sup>			Valuation		
			Low \$	Preferred \$	High \$	Low \$M	Preferred \$M	High \$M
P45/2769	1.51	100	60,000	75,000	90,000	0.09	0.11	0.14
P45/2770	1.63	100	45,000	60,000	75,000	0.07	0.10	0.12
P45/2771	1.81	100	45,000	60,000	75,000	0.08	0.11	0.14
P45/2772	1.79	100	10,000	15,000	20,000	0.02	0.03	0.04
P45/2773	1.84	100	10,000	15,000	20,000	0.02	0.03	0.04
<b>TOTAL</b>	<b>27.58</b>	<b>80 &amp; 100</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>0.54</b>	<b>0.76</b>	<b>0.98</b>

The valuation has been compiled to an appropriate level of precision and minor rounding errors may occur.

## 8.6 IronClad Mineral Asset Valuation

### 8.6.1 Wilcherry Hill Iron Project

To value the IronClad's WHIP Ravensgate has split it into two parts, the area containing the Wilcherry Hill Mineral Resources and the surrounding exploration tenure.

#### 8.6.1.1 Selection of Valuation Method

The WHIP, in which IronClad has an 80% interest (iron ore rights only) in the area containing the Wilcherry Hill Mineral Resources can be classified as a *Predevelopment Project* and the surrounding exploration tenure as an *Exploration Area* mineral asset as defined in Section 8.1.

A number of Mineral Resources as defined in the JORC Code (2012 Edition) have been reported for the WHIP. In valuing the mineral asset of the WHIP, Ravensgate have elected to value the Mineral resources based on the resource base and not the most recent Ore Reserves. IronClad had previously announced an Ore Reserve covering some of their Wilcherry Hill Mineral Resources, but this Ore Reserve was estimated at an iron ore price that is considerably higher than the current iron ore price and Ravensgate no longer considers valuing the project based on the Ore Reserve estimate to be appropriate. Due to this Ravensgate considers the DCF/NPV method inappropriate.

Ravensgate has elected to apply the Comparable Transaction method to value the project after consideration of the various valuation methods outlined in Section 8.1 and the geological / exploration information outlined in Section 7. Multiples of Exploration (MEE) and other cost based methods were not thought to be appropriate to apply in this case. MEE and other cost based methods with prospectivity multipliers are very subjective and in Ravensgate's experience can easily over value projects where considerable expenditure has been undertaken and do not provide a good indication of market value.

#### 8.6.1.2 Project Analysis – Comparable Transactions Method

##### Wilcherry Hill Iron Project Mineral Resources

Ravensgate's analysis of market transactions of magnetite iron ore resources in Australia (Table 16) indicates that the implied value of projects with undeveloped magnetite iron ore mineral resources, generally range from \$0.005 to \$1.27 per contained resource tonne of iron. The average and median cost per tonne of iron for all the transactions were \$0.38 and \$0.30, respectively. Analysing the transactions on a normalised basis, which takes into account the change in the commodity prices and foreign exchange rates over time (Table 17), the above range can be expressed as a percentage of the iron ore price being 0.01% to 0.89%. The average and median of these transactions were 0.27% and 0.19%, respectively.

To value the WHIP Mineral Resources Ravensgate has divided the total mineral resources up between the individual mineral resources that IronClad has 80% equity in. Ravensgate has



reviewed these resources and has broken them up into three different groups based on the quality/confidence of the mineral resource estimates to assign baseline value ranges and the preferred values. These three groups are outlined in Table 35. These baseline value ranges and preferred values have been modified where applicable based on the potential for a mineral resource to improve either in tonnes, grade or confidence.

**Table 35** *Wilcherry Hill Mineral Resource Valuation Groups*

Group	Mineral Resources	Breakdown with Baseline Ranges
1	Weednanna, Weednanna North and Ultima Dam East (North) Deposits	Mineral resources with Measured, Indicated and Inferred classified resources.
2	Ultima Dam East (South) and Ultima Dam West Deposits.	Mineral resources with Indicated and Inferred classified resources.
3	Hercules Deposits	Mineral resources with Inferred classified resources.

Ravensgate has selected a range and preferred values higher than the average of the normalised comparative transactions for the Mineral Resources associated with Group 1, due to all these Mineral resource being of high confidence and quality. The mineral resources in Group 2 have had a range and preferred value selected just above the average of the normalised comparative transactions value, but lower than the Group 1 Mineral Resources as they are not of as high confidence or quality. The Hercules Mineral Resource in Group 3 has had a range and preferred value selected below the average normalised comparative transactions value at the lower end of the range due to the average grade of the Hercules resource being only 27.11% iron and the Mineral Resource being of only Inferred resource classification.

Ravensgate has derived an implied range with a preferred value per tonne of contained iron to apply to the individual mineral resources listed in Section 7.6, using the iron ore spot price at 21 January 2015 of \$82.57 (US\$67.81) see Table 36 below. These derived values are based on the dollar value per tonne of iron expressed as a percentage of the iron price. These ranges reflect the confidence and iron grade of the mineral resources. These values relate to approximately \$5.06M to \$8.72M for the total contained metal within the current mineral resource estimates (64.47Mt Fe metal). From this range a preferred value of \$6.89M has been selected which reflects the outcome of the exploration to date and the quality of the mineral resources. The range and preferred value were based around the average normalised value of the comparative transactions.





**Table 36 Wilcherry Hill Mineral Resource Valuation – IronClad 80% Interest**

Resource	Cut-off (%)	Tonnes Mt	Grade Fe (%)	Contained Metal Mt	IronClad's Equity %	Normalised % of Iron Price at 21 January 2015*			Valuation \$M		
						Min	Preferred	Max	Min	Preferred	Max
Weednanna	25	11.20	41.97	4.701	80	0.40	0.50	0.60	1.24	1.55	1.86
Weednanna North	25	9.40	39.25	3.690	80	0.40	0.50	0.60	0.97	1.22	1.46
Ultima Dam East (North)	25	2.30	44.16	1.016	80	0.40	0.50	0.60	0.27	0.34	0.40
Ultima Dam East (South)	25	3.80	36.29	1.379	80	0.30	0.40	0.50	0.27	0.36	0.46
Ultima Dam West	25	3.19	35.09	1.119	80	0.30	0.40	0.50	0.22	0.30	0.37
Hercules	0.01	193.90	27.11	52.566	80	0.06	0.09	0.12	2.08	3.13	4.17
<b>Total</b>	<b>Various</b>	<b>223.79</b>	<b>28.80</b>	<b>64.471</b>	<b>80</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>5.06</b>	<b>6.89</b>	<b>8.72</b>

*The valuation has been compiled to an appropriate level of precision and minor rounding errors may occur*

*\*On the 21 January 2015 the spot Iron price was US\$67.81 (Tianjin 62% Fines CFR) and the foreign exchange rate AUD/USD was 0.8212 (RBA 4pm Close)*



## Wilcherry Hill Iron Project Surrounding Exploration Tenure

Ravensgate's analysis of South Australian transactions for *Exploration Area* mineral assets (Table 18) suggests an implied value between \$170 and \$15,675 per km<sup>2</sup> for exploration mineral assets, with no estimated mineral resources in accordance with the JORC Code (2012 Edition). Analysing the transactions in Table 18 in more detail, the value ranges differ on their stage of exploration, prospectivity and how strategic the tenement is to the purchaser. A breakdown of ranges for tenure based on their prospectivity and strategic value are shown in Table 37 below.

**Table 37** South Australian Tenement Value Ranges Breakdown

Cost per km <sup>2</sup> Range	Comments
\$150 - \$1,000	Grass roots early stage exploration, with limited work or limited exploration potential.
\$1,000 - \$5,000	Average exploration stage, some defined targets for follow up. Mature exploration ground that has been well explored
\$5,000 - \$10,000	Advanced stage exploration with good potential, defined targets ready for resource drilling
\$10,000+	Advanced stage exploration with good potential and/or strategic to the purchaser.

Ravensgate has derived implied ranges and preferred values varying on the tenements iron ore prospectivity per km<sup>2</sup> to apply to the area of the granted licences (Table 38), which have a total combined area of 976km<sup>2</sup>. These values relate to approximately \$1.61M to \$2.70M. From this range a preferred value of \$2.32M has been selected, which reflects the outcome of successful exploration to date and the quality of the exploration ground.

To derive appropriate values for the various tenements Ravensgate reviewed the exploration data and prospectivity for the various licences and selected an appropriate range based on Table 37. The values attributed to each tenement were based upon a review of the prospectivity and quality of exploration targets on each tenement as described in Section 7.5. A brief description of the factors that have been taken into account in determining the value range and preferred value for the tenements are as follows:

- EL5470: The Valley Dam tenement displayed the least magnetic anomalous targets in the 2013 review.
- EL5299: This is the main tenement in the Wilcherry Hill Project tenement package where the majority of drilling and data generation has been carried out. The most advanced targets for IronClad are on this tenement. IronClad have progressed crystalline magnetite deposits at Weednanna, Weednanna North and Ultima Dam East and there remains potential to increase the current resources, specifically at Ultima Dam West. There is a relatively untested iron ore target at the Stuart prospect. The tenement contained the most magnetic anomalous targets in the 2013 review.
- EL5164: The Eurilla Dam tenement hosts the Hercules iron resource which is being developed by IronClad and also hosts manganese mineralisation. The Pier trend, which is a possible extension of the Telephone Dam Deposit, displaying similar Pb-Zn-Ag mineralisation and similarities to Menninnie Dam, is also returning encouraging Mn mineralisation.
- EL4421: The Peterlumbo tenement is also characterised by underlying granite, known as the Buckleboo Granite, which has been defined by geophysics and outcrops in the southwest corner of EL4421. This granite is also considered to be of Hiltaba age and therefore it is likely that mineralising fluids are also associated. From a geological point of view, this has the potential to be as prospective as EL5299, however the tenement has received <20% of the drilling carried out at EL5299. Iron grades (+60% Fe) in a skarn type environment similar in setting to that of the Weednanna and Ultima Dam East prospects increases the potential for DSO at Sunday Iron. The tenement contained a large amount of magnetic anomalous targets in the 2013 review.



**Table 38** Valuation of Wilcherry Hill's Exploration Tenure

Tenement	Area km <sup>2</sup>	Equity %	Values Per km <sup>2</sup>			Valuation		
			Low \$	Preferred \$	High \$	Low \$M	Preferred \$M	High \$M
EL5470	66	80	1,000	1,500	2,000	0.05	0.08	0.11
EL5299*	387	80	3,000	4,500	6,000	0.88	1.32	1.76
EL5164*	115	80	2,500	3,500	4,500	0.19	0.27	0.34
EL4421	408	80	1,500	2,000	1,500	0.49	0.65	0.49
<b>Total</b>	<b>976</b>	<b>80</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>1.61</b>	<b>2.32</b>	<b>2.70</b>

*The valuation has been compiled to an appropriate level of precision and minor rounding errors may occur.*

*\*Tenements EL5299 and EL5164 have been reduced by 20km<sup>2</sup> each to take into account areas that contain Mineral Resources in the valuation calculations.*

## 8.7 Valuation Summary

As the technical valuations for Trafford and IronClad are based on comparable transactions it can be considered to also be the market value. The definition of market value that Ravensgate adopts is that used in the VALMIN code, which is the market value definition as defined by the International Valuation Standards Committee (IVSC).

### 8.7.1 Trafford Summary Valuation

Ravensgate has concluded that Trafford's projects are of merit and worthy of further exploration. A summary of the Trafford's project valuation in current ownership equity percentage terms is provided in Table 39. The applicable valuation date is 21 January 2015 and is derived from using the Comparable Transactions valuation method. The value of Trafford's projects are considered to lie in a range from \$6.76M to \$12.32M; within this range Ravensgate has selected a preferred value of \$9.70M.



**Table 39** *Trafford Technical Valuation in Ownership Equity Percentage Terms*

Project	Mineral Asset	Equity %	Area km <sup>2</sup>	Valuation		
				Low \$M	Preferred \$M	High \$M
Wilcherry Hill Mineral Resources	Predevelopment Project	20		1.27	1.72	2.18
Wilcherry Hill Exploration Tenure	Advanced Exploration Area	20 & 100	2,403	2.00	3.16	4.06
Western Gawler Craton Mineral Resource	Advanced Exploration Area	51		0.41	0.54	0.66
Western Gawler Craton Exploration Tenure	Exploration Area	51 & 100	7,443	2.35	3.25	4.10
Twin Peaks	Exploration Area	51 & 100	366	0.19	0.26	0.34
Lynas Find	Exploration Area	80 & 100	28	0.54	0.76	0.98
<b>Total</b>	<b>Various</b>	<b>Various</b>	<b>10,240</b>	<b>6.76</b>	<b>9.70</b>	<b>12.32</b>

*The valuation has been compiled to an appropriate level of precision and minor rounding errors may occur.*

### 8.7.2 IronClad Summary Valuation

Ravensgate has concluded that IronClad's projects are of merit and worthy of further exploration. A summary of the IronClad's project valuation in current ownership equity percentage terms is provided in Table 40. The applicable valuation date is 21 January 2015 and is derived from using the Comparable Transactions valuation method. The value of IronClad's projects are considered to lie in a range from \$6.68M to \$11.42M; within this range Ravensgate has selected a preferred value of \$9.21M.

**Table 40** *IronClad Technical Valuation in Ownership Equity Percentage Terms*

Project	Mineral Asset	Equity %	Area km <sup>2</sup>	Valuation		
				Low \$M	Preferred \$M	High \$M
Wilcherry Hill Iron Mineral Resources	Predevelopment Project	80		5.06	6.89	8.72
Wilcherry Hill Iron Exploration Tenure	Advanced Exploration Area	80	976	1.61	2.32	2.70
<b>Total</b>	<b>Various</b>	<b>80</b>	<b>976</b>	<b>6.68</b>	<b>9.21</b>	<b>11.42</b>

*The valuation has been compiled to an appropriate level of precision and minor rounding errors may occur.*



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## 10. LIST OF ABBREVIATIONS

<i>A\$</i>	Australian dollar(s)
<i>AC</i>	Aircore (drill hole)
<i>Ag</i>	Silver
<i>ASX</i>	Australian Securities Exchange
<i>Au</i>	Gold
<i>Azi</i>	Azimuth
<i>Cu</i>	Copper
<i>DCF</i>	Discounted cash flow
<i>FAusIMM</i>	Fellow of the Australasian Institute of Mining and Metallurgy
<i>g/t</i>	Grams per tonne
<i>JORC Code</i>	2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves
<i>K</i>	Thousand(s)
<i>km</i>	kilometre(s)
<i>km<sup>2</sup></i>	Square kilometre(s)
<i>m</i>	Metre(s)
<i>M</i>	Million(s)
<i>MAIG</i>	Member of the Australian Institute of Geoscientists
<i>MAusIMM</i>	Member of the Australasian Institute of Mining and Metallurgy
<i>mm</i>	Millimetre(s)
<i>MMI</i>	Mobile Metal Ion
<i>Mt</i>	Million Tonnes.
<i>NPV</i>	Net present value
<i>oz</i>	Ounce (Troy ounce measure of weight)
<i>Pb</i>	Lead
<i>PGE</i>	Platinum Group Element
<i>ppb</i>	Parts per billion; a measure of concentration
<i>ppm</i>	Parts per million; a measure of concentration
<i>QA/QC</i>	Quality Assurance / Quality Control
<i>RAB</i>	Rotary Air Blast (drill hole)
<i>RC</i>	Reverse circulation (drill hole)
<i>RTP</i>	Reduced to Pole
<i>t</i>	Tonne(s)
<i>US\$</i>	United States Dollar(s)
<i>Zn</i>	Zinc



## 11. GLOSSARY

<i>aircore drilling</i>	Air Core Drilling. A relatively inexpensive drilling technique similar to RC drilling, in that the drill cuttings are returned to surface inside the rods.
<i>aeromagnetic</i>	A survey undertaken by helicopter or fixed-wing aircraft for the purpose of recording magnetic characteristics of rocks by measuring deviations of the Earth's magnetic field.
<i>anomalies</i>	An area where exploration has revealed results higher than the local background level.
<i>amphibolite</i>	A metamorphic rock consisting mainly of amphibole, especially the species hornblende and actinolite
<i>Archaean</i>	The oldest rocks of the Precambrian era, older than about 2,500 million years.
<i>assayed</i>	The testing and quantification metals of interest within a sample.
<i>bedrock</i>	Any solid rock underlying unconsolidated material.
<i>boudin / boudinage</i>	Structures formed by extension, where a rigid tabular body such as Hornfels, is stretched and deformed amidst less competent surroundings. The competent bed begins to break up, forming sausage-shaped boudins.
<i>calcrete</i>	A hardened natural cement of calcium carbonate that binds other materials, such as gravel, sand, clay, and silt.
<i>craton</i>	An old and stable part of the continental lithosphere
<i>diamond drilling</i>	Drilling method employing a (industrial) diamond encrusted drill bit for retrieving a cylindrical core of rock.
<i>dolerite</i>	A medium grained mafic intrusive rock composed mostly of pyroxenes and sodium-calcium feldspar.
<i>domain</i>	Geological zone of rock with similar geostatistical properties; typically a zone of mineralisation
<i>dykes</i>	A tabular body of intrusive igneous rock, crosscutting the host strata at a high angle.
<i>fault</i>	A wide zone of structural dislocation and faulting.
<i>geochemical</i>	Pertains to the concentration of an element.
<i>geophysical</i>	Pertains to the physical properties of a rock mass.
<i>geosyncline</i>	A subsiding linear trough that was caused by the accumulation of sedimentary rock strata deposited in a basin and subsequently compressed.
<i>gneiss</i>	A common and widely distributed type of rock formed by high-grade regional metamorphic processes from pre-existing formations that were originally either igneous or sedimentary rocks.
<i>granite</i>	A coarse-grained igneous rock containing mainly quartz and feldspar minerals and subordinate micas.
<i>greenschist</i>	A metamorphosed basic igneous rock which owes its colour and schistosity to abundant chlorite.
<i>greenstone belt</i>	A broad term used to describe an elongate belt of rocks that have undergone regional metamorphism to greenschist facies.
<i>leucosome</i>	The lightest-coloured part of a migmatite
<i>magnetite</i>	A mineral comprising iron and oxygen which commonly exhibits magnetic properties.
<i>mesothermal</i>	A hydrothermal ore deposit formed at intermediate temperatures (200-300°C) and depths.
<i>metamorphic</i>	A rock that has been altered by physical and chemical processes involving heat, pressure and derived fluids





<i>migmatite</i>	A mixture of metamorphic and igneous rock, created when a metamorphic rock (such as gneiss) partially melts, with the resulting melt recrystallizing into an igneous rock, creating a mixture of the unmelted metamorphic part with the recrystallized igneous part
<i>mobile metal ion</i>	MMI is a highly sensitive proven geochemical exploration method whereby Mobile Metal Ions, adsorbed onto the surface of screened soil particles, are dissolved using patented chemical extractants and analysed at ppb levels. This method is more sensitive than conventional geochemical methods.
<i>NQ</i>	Diamond Drilling. A core diameter of 47.6mm.
<i>orogeny</i>	The process of mountain formation, especially by a folding and faulting of the earth's crust.
<i>outcrop</i>	Surface expression of underlying rocks.
<i>Precambrian</i>	A period of geological time older than 570 million years before present.
<i>Proterozoic</i>	An eon of geological time spanning the period from 2,500 million years to 570 million years before present
<i>RAB drilling</i>	Rotary Air Blast. A relatively inexpensive and less accurate drilling technique involving the collection of sample returned by compressed air from outside the drill rods.
<i>RC drilling</i>	Reverse Circulation. A drilling method in which the fragmented sample is brought to the surface inside the drill rods, thereby reducing contamination.
<i>regolith</i>	The layer of unconsolidated material which overlies or covers in situ basement rock
<i>resource</i>	In situ mineral occurrence from which valuable or useful minerals may be recovered.
<i>rock chip sampling</i>	The collection of rock specimens for mineral analysis.
<i>satmagan</i>	A two range instrument that was designed especially to measure magnetite in iron ore samples.
<i>Sedimentary</i>	A term describing a rock formed from sediment.
<i>shanking</i>	The drill bit detaching from end of the rod string during drilling.
<i>soil sampling</i>	The collection of soil specimens for mineral analysis.
<i>strata</i>	Sedimentary rock layers.
<i>stratigraphic</i>	Composition, sequence and correlation of stratified rocks.
<i>strike</i>	Horizontal direction or trend of a geological structure.
<i>volcanics</i>	Rocks formed or derived from volcanic activity.





## Appendix 4 - Independent Valuation Report of IronClad's Equipment prepared by Henley

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**Henley Valuers**  
Valuations & Appraisals

# **VALUATION REPORT**

**IronClad Mining Limited**

**Plant, Equipment, Mining Camp & Powered Barge**

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**Valuation report as at 27<sup>th</sup> January, 2015.  
Under instructions from: BDO Corporate Finance (WA) Pty Ltd.**

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## Summary Valuation Report

27<sup>th</sup> January, 2015

Attn: Mr Sherif Andrawes  
 Director  
 BDO Corporate Finance (WA) Pty Ltd  
 38 Station Street  
 Subiaco WA 6008

Dear Sir,

**Re: IronClad Mining Limited – Plant & Equipment ( “Assets”) Valuation Report.**

As per your instructions dated 16<sup>th</sup> January, 2015, we respectfully submit a summary valuation report of plant, equipment, mining camp and powered barge belonging to IronClad Mining Limited.

Subject to the assumptions & limiting conditions described herein this Valuation Report, it is the undersigned valuer’s independent, unbiased and professional opinion that the aggregated estimated ‘Market Value In-Situ’ of all assets, exclusive of GST, are as follows;

Valuation Summary – Market Value In-Situ	\$AUD
Dry Magnetic Separators	\$575,000
Ram Spreader Revolving Bulk Container System	\$1,025,000
Powered Barge	\$3,600,000
80 Person Mining Camp	\$4,500,000
<b>Rounded Total</b>	<b>\$9,700,000</b>

**Market Value In-Situ (MV) \$9,700,000 \$AUD (Rounded)**  
 (Nine Million Seven Hundred Thousand Dollars - Exclusive of GST)

This summary valuation report forms part of the detailed valuation report and must be attached to it. The detailed report comprises important facts, assumptions, judgments and the client/s and intended users are advised to read the entire valuation report in order to fully comprehend how the opinions of value were determined.

**Special Comments** – the values of the powered barge held within this report are based upon assumptions regarding works completed & works outstanding as well as issues regarding certification (ABS). If the actual state of the completed work varies significantly from the assumed completed work, then the estimated opinion of values would likely be greatly affected. All testimony, information & representations concerning conditions and operability of the said assets are taken in good faith and advise that any errors or omissions in fact could affect the concluded values herein this report.

We thank you for the opportunity to provide this valuation report and please feel free to contact me via email or directly on 0417 322 180 should you wish to discuss the report further.

Yours sincerely,  
 HENLEY VALUERS



John Mathe  
 AAPI CPV (P&M), AVAA, ASA, SAA

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## Independent Valuation Report – IronClad Mining Limited

### 1 Introduction

On the 24<sup>th</sup> December 2014, IronClad Mining Limited (“IronClad”) announced that it had entered into a merger implementation agreement with Trafford Resources Limited (“Trafford”).

IronClad, listed on the ASX in July 2007 for the purpose of developing the Wilcherry Hill Project. Trafford is a Perth-based mineral exploration company which is listed on the Australian Stock Exchange in 2006.

BDO Corporate Finance (WA) Pty Ltd has engaged Henley Valuers to provide an independent opinion of the Market Value In-Situ of the following assets held by IronClad;

- Dry Magnetic Separators (DMS)
- Ram Spreader Revolving Bulk Container System
- Powered Barge
- 80 person mining camp



This report created by Henley Valuers will be utilised into an Independent Expert's Report for the Scheme Booklet relating to the merger.

In this report, dollar amounts relate to Australian dollars unless otherwise specified.

## Independent Valuation Report – IronClad Mining Limited

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## 2 Scope of Work

### 2.1 Instructions and Intended Users

Henley Valuers have been instructed by BDO Corporate Finance (WA) Pty Ltd to prepare a valuation report of the specific plant, equipment, mining camp & powered barge as outlined in this report.

The intended users of the valuation report are BDO Corporate Finance (WA) Pty Ltd & their client(s) Trafford Resources Limited.

It is understood that information from this report is to be relied upon in the Independent Expert's Report which will be made available to Trafford shareholders.

### 2.2 Purpose of the Valuation Report

This report has been prepared by Henley Valuers for inclusion in the Independent Expert's Report prepared by BDO Corporate Finance (WA) Pty Ltd. The Independent Expert's Report is being prepared in relation to the proposed merger between Trafford Resources Limited ("Trafford") and IronClad Mining Limited ("IronClad").

The specific purpose of this report is to provide an opinion of Market Value In-Situ of the subject assets. Financial, historical and technical information has been provided by IronClad and Henley Valuers has reviewed the information as part of the valuation process.

Henley Valuers has utilised the appropriate valuation methods & techniques consistent with International Valuation Standards Council's ("IVSC") guidelines.

### 2.3 Date of Inspection(s) & Effective Date of the Valuation Report

The inspection of the subject assets was undertaken over a number of days and locations. On the 22<sup>nd</sup> January, 2015 an inspection was conducted on the Ram Spreader Revolving System at Port Adelaide and the Dry Magnetic Separators at Dry Creek South Australia.

On the 23<sup>rd</sup> January, 2015, an inspection was conducted on the 80 person mining camp located at Kimba, South Australia.

No inspection of the powered barge was conducted as the said vessel is understood to be located in Mainland China. However, the valuer has relied heavily upon the report by Brookes Bell Hong Kong dated 19<sup>th</sup> September, 2014 relating to performance, repairs and deficiencies.

The effective date of the report is the 27<sup>th</sup> January, 2015.

## Independent Valuation Report – IronClad Mining Limited

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### 2.4 Basis of Assessment

This report has been made in accordance with the International Valuation Standards Council's (IVSC) guidelines and the Australian Property Institute's Professional Code of Conduct and Professional Practice Standards. Further consideration has been made to Australian Securities and Investments Commission Regulatory Guide 111, Content of expert's reports (RG112).

Henley Valuers has prepared this report to provide an opinion of estimated Market Value In-Situ (see: Appendix for definition) of the subject assets and to communicate the reasoning and assumptions that contribute to the said value opinion.

In order to prepare this report, Henley Valuers carried out the following scope of work;

- An Inspection was carried out on the subject assets with exception of the powered barge.
- Review of financial, historical, technical information & reports provided.
- Interviews and information gathering from key personnel.
- Data was gathered on the subject assets from as many sources as was reasonably practical.
- Analysis was conducted on physical deterioration, functional and economic obsolescence including age/life analysis.
- Investigation and analysis of markets relevant to the subject assets.
- Investigation and analysis of the specific company and industry.
- Both the cost and sales comparison approaches were applied to the subject assets and appropriate calculations were conducted in order to determine estimated opinion of values in line with the premise of Market Value In-Situ.
- After consideration of the above, the valuer determined the estimated values and a formal report was produced highlighting assumptions & limitations and communicating the said values.

When forming an opinion, Henley Valuers has considered the following overriding principles.

- Using the Valuation / Appraisal industry's best practice & methodologies.
- Utilising mathematical & scientific calculations whenever possible.
- Preparing the report in accordance with the relevant IVSC, API & ASIC guidelines.
- The principle of substitution and principle of supply & demand.
- Making conclusions and assumptions based upon evidence whenever possible.

Within the basis of Market Value In-Situ, no consideration has been calculated as to the future, or past economic performance of the assets either as piece meal or as an entire facility. Further, the goodwill of the business has not been taken into consideration when forming opinions of value.

This report of the subject assets should not be construed as representing the "market value in situ" of the assets in the event that the going concern business ceases to exist.

It has been assumed that all details likely to affect value have been disclosed to the valuer and relevant information is up to date. Should the information received and



disclosed to the valuer be defective, incorrect or misrepresented, the value of the subject assets could be different from the opinion provided in this report.

## Independent Valuation Report – IronClad Mining Limited

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### 2.5 Valuation Approach

There are generally three commonly recognised approaches to value as follows; **The Cost Approach** (Sometimes referred to as the Depreciated Replacement Cost Approach). **The Sales Comparison Approach** (Sometimes referred to as the Market Approach) and **The Income Approach**

For this report, consideration was made to all three approaches and the valuer has determined the **“Cost Approach”** and the **“Sales Comparison Approach” (market approach)** as the most appropriate approaches for this valuation report.

It became evident in the very early stages of this assignment that the income approach was not able to be utilised for this report as there was unlikely an financial data available to make the appropriate calculations. This is due to the fact that mine is not in the production stage and the assets are either in storage or not being utilised at this stage.

The **Cost Approach** is defined by the International Valuation Standards Council as;

*“A valuation approach based on the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction”.*

The **Sales Comparison Approach (Market Approach)** is defined by the International Valuation Standards Council as;

*“A valuation approach which provides an indication of value by comparing the subject asset with identical or similar assets for which price information is available”.*

### 2.6 Sources of Information

Various non-independently verified public and non-public information was utilised and relied upon in preparing this report;

- ASX Announcement of the proposed merger between IronClad & Trafford.
- Corporate profiles of both IronClad & Trafford.
- Historical invoices and purchase orders of the subject assets.
- Technical data sheets of the subject assets.
- Brookes Bell Report.
- Ausco Maintenance Manuals & Data.
- Sales brochure and information relating to the barge.
- Communications with key personnel.

It is important to note that no maintenance records have been provided in relating to the assets (with exception of the mining camp), this is likely because they are in storage and are have not been put into service or utilised at this stage.

### 2.7 Reliance

This report is to be relied upon by BDO Corporate Finance (WA) Pty Ltd acting as the Independent Expert. Henley Valuers acknowledges that BDO Corporate Finance (WA) Pty Ltd will place reliance on this valuation report in evaluating the proposed merger between Trafford Resources Limited and IronClad Mining Limited.

## Independent Valuation Report – IronClad Mining Limited

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### 3 Qualifications & Limiting Conditions

This plant, equipment, mining camp & powered barge valuation is made subject to the following;

1. This valuation report is for use by the intended users and for no other purpose than is stated. Henley Valuers and the valuer of this report accepts no responsibility to any third party who may use or rely upon the whole or any part of the content of this valuation report.
2. Any statements of physical condition or functional operation are the results of visual inspection, observation and/or testimony by others. These statements should not be construed as opinions of fact. No responsibility is assumed for latent defects of any nature whatsoever which may affect value. Further, no responsibility is assumed for any expertise required to determine such conditions.
3. Testimony from any of the parties that own or control the subject assets as to the working order, faults and any nuances relating to the assets have been taken in good faith and no responsibility is assumed for the validity of said testimonies.
4. This valuation report has been prepared in good faith and on the basis that full disclosures of all relevant information and facts which may affect the values has been provided to the valuer of this valuation report.
5. It is assumed that assets (where applicable) are being maintained in accordance with the manufacturer's recommendations, and that all required licenses, certificates, consents or other legal requirements from the relevant authority has been renewed or obtained for any use of the assets. It is presumed that the relevant service, repair, upgrade, recall, or recertification history would be available to any purchaser at the time of a potential sale or transfer of the subject assets.
6. Henley Valuers and the valuer of this report makes no statements as to taxation or legal matters and assumes no responsibility for reliance of the valuation report by any party as to the taxation or legal issues relating to the assets contained within this report.
7. No adjustments to value have been made within this report as to intangible values such as goodwill, patents, licenses or trademarks.
8. The valuer assumes that all assets conform to OHS/EHS standards and does not accept any responsibility for any validation of the aforementioned standards.
9. Henley Valuers reserves the right to recall this report and any copies both hard copy and electronic copies to amend any omission or error.
10. This valuation report is valid as of the effective date of the report only. The values placed on assets within this valuation report are based upon the valuer's experience, investigations and research made at the date of this valuation report.

Any changes to industry, market forces, economic conditions and/or government policies over a relatively short period of time may have the effect of significantly changing the values ascribed in this report. Therefore the validity of this report is 90 days and no responsibility is accepted by Henley Valuers or the valuer of this report assumes any responsibility or accepts any liability where this value is relied upon after 90 days from the date of this valuation report.

## Independent Valuation Report – IronClad Mining Limited

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### 3 Qualifications & Limiting Conditions

11. Unless specifically stated, the estimated values held within this valuation report are exclusive of GST and are displayed in Australian currency (\$AUD).
12. Judgements, information, opinions and estimates contained within this valuation report by the valuer were obtained from sources considered reliable and believed to be true & correct. The valuer assumes no responsibility for the accuracy of such information obtained or for any erroneous information provided by any party.
13. The valuer has endeavoured to use due diligence and reasonable care in all market comparisons. However, sometimes it is not always possible to find direct sales comparisons that have actually sold. In these cases, the valuer has relied heavily on testimony & comments from sources considered reliable in arriving at the final opinion of value.
14. Conclusions made within this report are based upon the valuer's judgements, and as such isolation of any single element as the sole basis of comparison to the whole valuation report may be inaccurate.
15. The valuer of this report is not licensed to provide financial advice and this report is not intended to provide financial advice either expressed or implied to any party.
16. This report is not to be used for insurance purposes unless specifically stated to do so.
17. This report is not to be used for mortgage security purposes unless specifically stated to do so.
18. It is impossible for any valuer to have an authority in every field of plant, equipment or machinery and therefore the valuer has endeavoured to use sound principles and industry recognised methodologies in every valuation report. Conclusions of value is arrived at from many years of experience, training and education and as such this form of report is made possible by omitting many details used in estimating, yet not considered essential to the report.
19. The valuation concept used in this report is one that is accepted by the client.
20. Liability limited by a scheme approved under Professional Standards Legislation.
21. Henley Valuers reserves the right to revise the valuation report in the event of significant information that comes to light that was previously not disclosed and that could affect the values outlined in this valuation report.
22. The valuer's investigation was restricted to the plant, equipment, powered barge and mining camp and does not attempt to arrive at any conclusion of values of any other assets not specifically noted within this report.

## Independent Valuation Report – IronClad Mining Limited

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### 4 Profile of IronClad Mining Ltd

#### 4.1 Company Overview

IronClad Mining Limited (“IronClad”) listed on the ASX in July 2007 for the purpose of developing the Wilcherry Hill Iron Project, located 130km from the steel making town of Whyalla in South Australia and 40km north of Kimba in the northern Eyre Peninsula.

#### 4.2 Location

IronClad’s corporate office is located at Level 2, 679 Murray Street, West Perth WA 6005 and the Wilcherry Hill project office is located at 307 Pulteney Street, Adelaide SA 5000.

IronClad Mining’s tenements in South Australia are collectively known as the Wilcherry Hill Project and are located 30km north of the township of Kimba. The Wilcherry Hill Project comprises of four tenements and covers an area of 976 square kilometres. The tenements are EL4162-Wilcherry Hill, EL4286-Valley Dam, EL4421-Peterlumbo, EL3981-Eurilla Dam.

The area is comprised of natural bush which is confined to low density sheep grazing on the station holdings of Nonning and Buckleboo. Access into the Project area is gained via the sealed Eyre Highway (National Highway 1) which passes through Kimba and then via graded service roads and pastoral station tracks.

The 80 person mining camp is located in Kimba on the corner of North Terrace and Haskett Road.

All other assets contained within this report are located of site in Adelaide, South Australia and the powered barge is understood to be located near the city of Guangzhou, People’s Republic of China.

#### 4.3 Mining Operations

It is understood that IronClad’s Wilcherry Hill Project is in the second stage (construction) and exploration work and feasibility studies have been completed. Some infrastructure such as the mining camp has been completed in preparation for stage one mining production.

Stage One is defined as mining and sale of Direct Shipping Ore (DSO) and specification ore that can be produced by a simple Dry Magnetic Separation (DMS) process.

Stage Two is defined as the mining, processing and sale of ore that is not DSO, nor amenable to upgrade by DMS, but can be upgraded to specification by a relatively simple gravity separation process.

Stage Three is defined as the exploration and development of the massive Hercules iron ore deposit (magnetite, goethite and hematite) approximately 15 kms West of the current mining operations

Previous Dry Magnetic Separation (DMS) production was designed around a 6.3 millimetre product size. This process produced a product grade of approximately 58% Fe with a resource to reserve conversion rate of approximately 20%.

## Independent Valuation Report – IronClad Mining Limited

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### 5 Description of Assets

#### 5.1 Description - General

##### Dry Magnetic Separators. (DMS)

The assets consists of a pair of two stage DFA-25 Magnetic Double Drum Separators. Supplied by Eriez Magnetics Pty Ltd.

Built date: Completed July 2012.

Order #: IFE000188.

Serial #: 12E37523-A & 12E37523-B.

Dimensions: Height = 5600mm, Width = 3584mm, Depth = 1864mm.

Weight: 12,400kg (each unit).

Drums Size: 0914mm Diameter, 3048mm Width.

Motors: 3 Helical geared motors: (1) 3KW x 12 RPM, (2) 11KW x 53 to 113 RPM.

Drive: Variable speed, 53 – 113 RPM, VSD Controlled.

Drum Liner: 3 THK. Linatex.

Capacity: Capacity per foot (300mm) of magnetic width varies from approximately 5 TPH to 40 TPH (4.5 to 36 MTPH).

Application: Magnetic drums with high peripheral shell speeds were developed to satisfy a need for a dry magnetic separator capable of processing large volumes of relatively fine ferromagnetic particles (-1") (-25mm).

The DF High Speed Drum is a highly efficient unit for processing large volumes of material and producing high grade concentrates or removing very fine highly magnetic particles for purification.

Eriez DF High Speed Drum Separator consists of a rotating drum shell within which is a permanent magnetic element attached to a stationary support and shaft. The magnetic element covers a 210° arc. Depending on the application the drums are furnished with an A10, A25, or A50 agitating magnetic element or with an R radial non-agitating magnetic element. A 1-1 1/2" (38mm) diameter hole is drilled through the shaft at the side opposite the motor drive for positioning of the magnetic element.

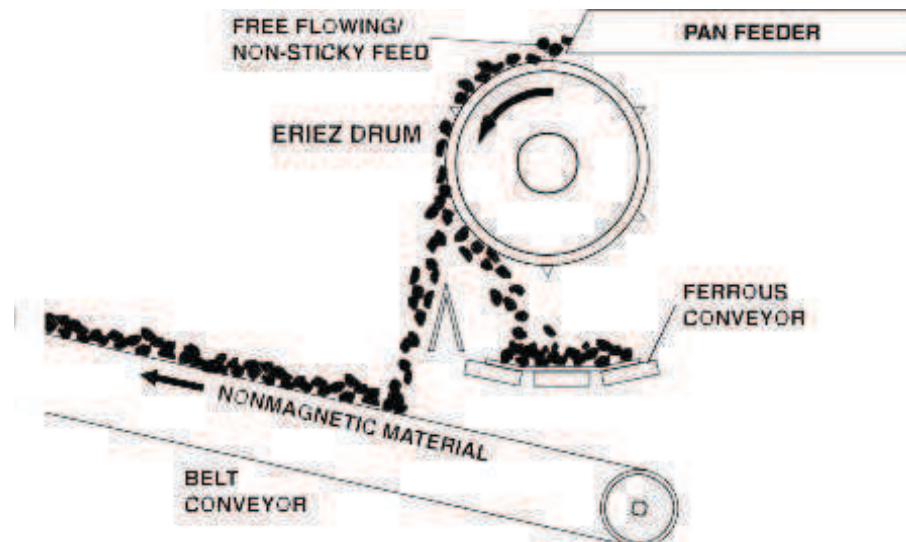
The shell is made from 1/8" (3mm) thick #304 stainless steel and has a 1/8" (3mm) thick abrasion resistant rubber liner. Drum heads are high strength aluminum alloy castings. Bearings are completely sealed oversized antifriction type for durability and trouble free operation.

A rectangular shaped dust tight housing with provision for dust collector connections is furnished within a heavy steel angle iron superstructure. Housing end panels have 1/4" (6mm) thick abrasion resistant rubber lining to reduce wear. An adjustable splitter is furnished to separate the magnetic and nonmagnetic fractions.

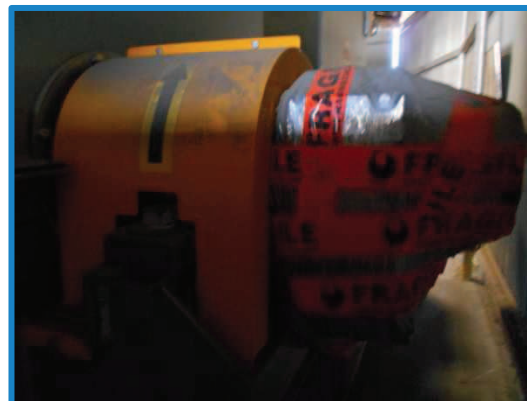
## Independent Valuation Report – IronClad Mining Limited

### Dry Magnetic Separators. (DMS)

Typical Dry Drum Separator Flow Chart.



### Inspection Photographs





## Independent Valuation Report – IronClad Mining Limited

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### Ram Spreader Revolving Bulk Container System (RSRBCS).

The assets consists of a pair of Ram Revolving Rotating Spreaders with automatic container lid lifters for containerized bulk handling. Supplied by NSL Engineering Pty Ltd, Singapore.

Built date: Completed June 2012.

Order #: A635RA01.

Serial #: 4110/A635/01 & 4110/A635/02.

Dimensions: Height = 4012mm, Width = 8100mm, Depth = 1800mm.

Frame Weight: 9.0 Tonnes (each unit). (Without docking station)

Motor Rating: 18.5KW.

Hydraulics: Running Pressure 160 kgf/cm<sup>2</sup>, Pump Flow Rate 70 l/min, Normal Running Pressure 40° C, Tank Capacity 225 Litre.

Twist Lock Type: Twist Lock Pin Type 5.

Container Size: 20ft.

Capacity: 38 Tons.

Capability: Ship to shore crane. Estimated up to 1700 tonnes per hour.

Additional assets relating to the system include a docking station (weight 2.6 tonnes), and three 20ft open top half height iron ore bulk containers for tipper.

Container Dimensions: Height = 1800mm, Width = 2438mm, Length = 6058mm.

**RAM 4100 series – RAM Revolver®**, the Tipping Spreaders has been designed to handle bulk cargo containers. The RAM Revolver® can be suspended from a hoisting device such as quay crane or ship crane, gantry cantilever crane or mobile equipment like fork truck. It allows the bulk cargo container to tip about an axis through the container such that bulk material such as grain, coal, iron ore etc can be tipped from the container to the ship or other receiving space. The RAM Revolver® includes an outer frame that connects to the crane head block. An inner tipping frame connects to the dry bulk container in the same way in which a spreader connects to the container. The inner and outer frame is pivotally engaged so that drive motors, mounted on the outer frame can tip the inner frame there by tipping the container.

The RAM Revolver® has the capacity to handle up to 38 Tonnes Safe Working Loads (SWL). It is fitted with high performance hydraulic power units, which are used to operate the ISO floating twistlocks and the tipping drives. The periphery of the RAM Revolver® is fitted with fixed and movable gather guides.

**Tipping Drive System:** Tipping spreader is rotated by total four hydraulic motors coupled with gearboxes and brakes. The output of the gearbox is fitted with a pinion, which is connected to the slew ring. Slew ring is used to connect outer frame and the inner frame of the tipping spreader. One tipping cycle (360 degree rotation) takes approximately 30 seconds.



## Independent Valuation Report – IronClad Mining Limited

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### Ram Spreader Revolving Bulk Container System (RSRBCS).

#### Typical Revolver Application.



#### Inspection Photographs



## Independent Valuation Report – IronClad Mining Limited

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### Powered Barge.

The asset consists of a Seatransport Australia designed and modified powered barge.

Survey Class: ABS \*A1 POWERED BARGE, Australian Coastal Service  
NSCV Code as applicable for Class 2C operations.

Built date: (Ongoing) Last inspected report -Sept 2014. (Awaiting final owner (IFE) deficiency check.

Built: Zhongxing Sea-Land Engineering Co., Ltd., Dongguan, China.

Dimensions: 57.4mL x 16.8mB x 3.8mD (Main Deck)

Tonnage: 950 tons gross, 242 tons net, 1,650 tons summer deadweight.

Classification : American Bureau of Shipping (ABS)

Flag/Port of Registry : Fuanfuti, Tuvalu

IMO Number/Official : 9673393/29491313

Cargo Deck Capacity: Container foot 72 tonnes, vehicle wheel load 23.8 tonnes.  
54 TEU containers transversely stacked.

Engine: 2 x Yanmar 6AY-WST marine 20 litre diesel engines, approximately  
485kW@1900rpm = 970kW (650HP x 2 = 1300hp) Motor Rating: 18.5KW.

Speed: Estimated fully laden speed range is given as 5.25 to 5.75 knots.

Electrical: Duty power – 2 x 40KW alternators, Emergency power – 1 x 20KW alternator.

Propeller: Twin.

Steering: Twin rudders, Bow 150kw hydraulic tunnel thruster powered by dedicated prime mover.

Engine Room: FIXED FIRE FIGHTING SYSTEM

A FM 200, NOVEC or equivalent approved smothering system fitted to each Engine room with Main Deck (near ER access) activation lockers

1 x Power operated fire pump mounted in drip pan

1 x Power emergency fire pump mounted in drip pan

8 x Fire hydrants (2 x18m) + (2x25m) hoses and nozzles

2 x 15 kg. Carbon Di-oxide extinguishers (1 each engine room)

Accommodation: Mess area includes small dining and seating area for 2 crew.  
Toilet and washbasin, cold water.

Galley: Small Galley with over bench cabinet, microwave oven, kettle, toaster and bar fridge.

Gear: Rescue boat crane.

## Independent Valuation Report – IronClad Mining Limited

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### Powered Barge.

Anchor: Bow - 1 x horizontal, hydraulic drum winch with capstan.

Other: TANK CAPACITIES (approx)  
 Fuel oil Fwd (port & stbd) 60,000 L (approx)  
 Fuel oil Aft (centre) 20,000L (approx)  
 Fresh water Port fwd 1,000 L  
 Grey/black water Port fwd 1,000 L  
 Lube oil Port engine room 1,500 L  
 Lube oil waste Port engine room 1,500 L  
 Bilge water Port engine room 6,000 L

### BOLLARDS & BITTS

Starboard Bow - mooring deck, x one (1)  
 Port Bow- mooring deck, x one (1)  
 Starboard midships - side deck, x two (2)  
 Port midships- side deck, x two (2)  
 Starboard aft - side deck, x one(1)  
 Port aft - side deck, x one (1)

### NAVIGATION & COMMUNICATION EQUIPMENT

1 x Furuno Echo sounder (minimum 15" screen)  
 1 x Furuno 24 Mile Colour Radar (minimum 15" screen)  
 1 x Furuno GPS Plotter (minimum 15" screen)  
 1 x Furuno AIS FA150 (TBC)  
 Autopilot / GPS interface  
 1 x VHF Transceiver  
 1 x 400mm through deck head manually operated spotlight  
 1 x KVH fluxgate compass  
 1 x 8" Magnetic compass  
 1 x EPIRB  
 1 x SART  
 Fire System: Fixed fire system, a FM200 Novec or

### Photographs



## Independent Valuation Report – IronClad Mining Limited

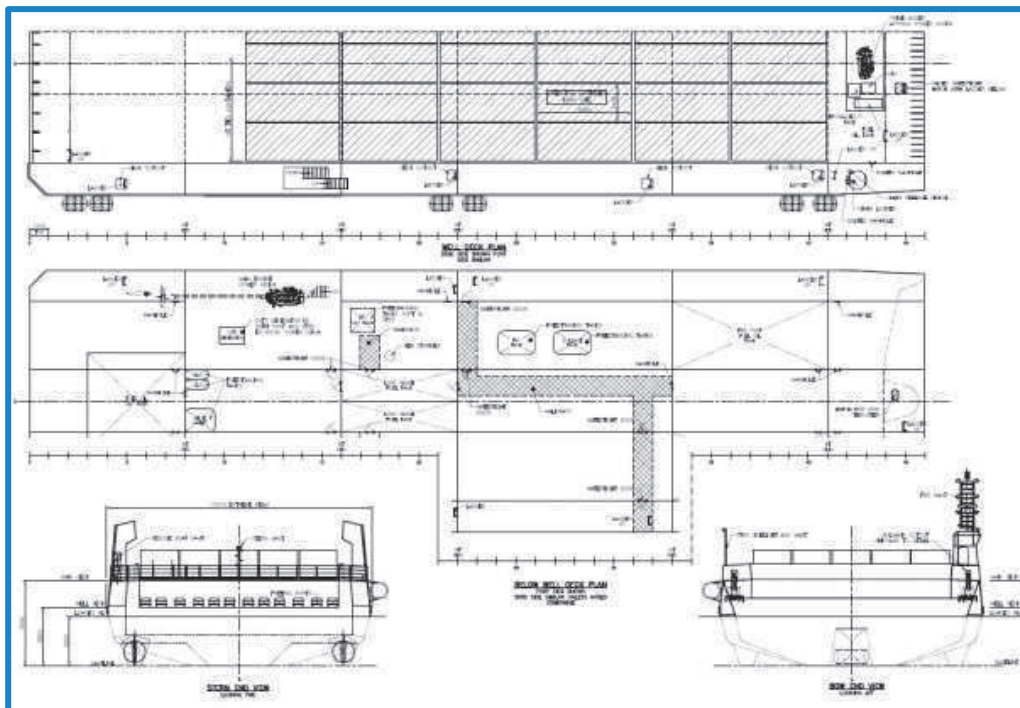
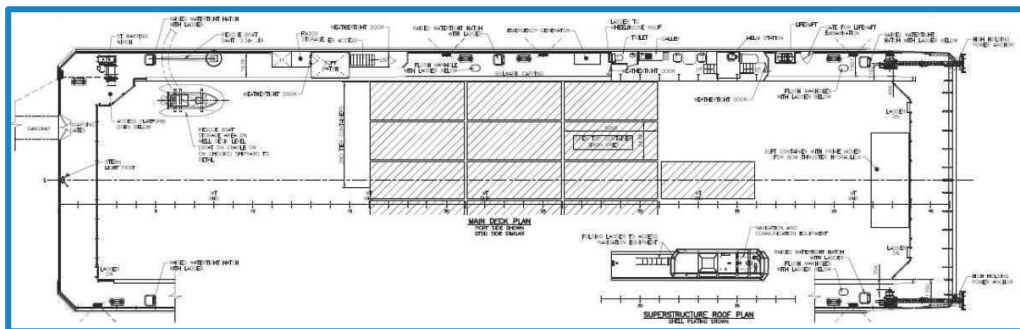
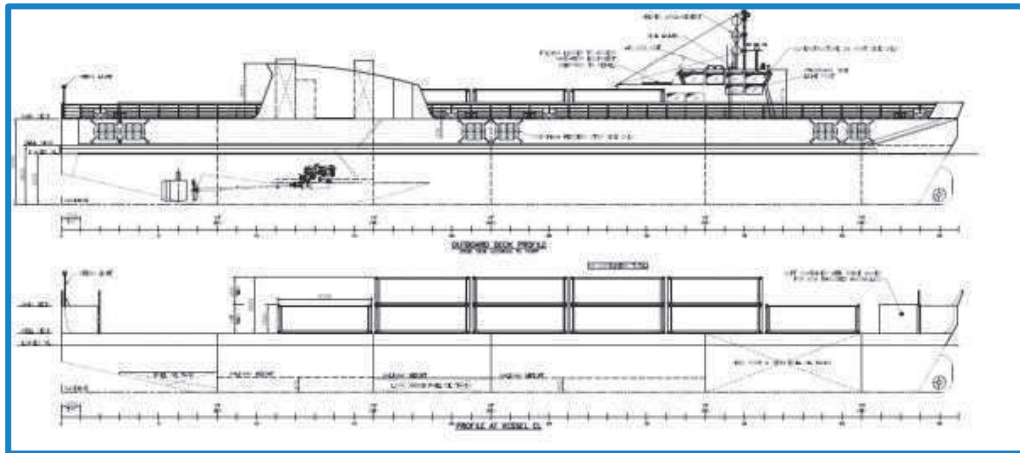
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### Powered Barge - Photographs



# Independent Valuation Report – IronClad Mining Limited

## Description – Powered Barge Technical Drawings



## Independent Valuation Report – IronClad Mining Limited

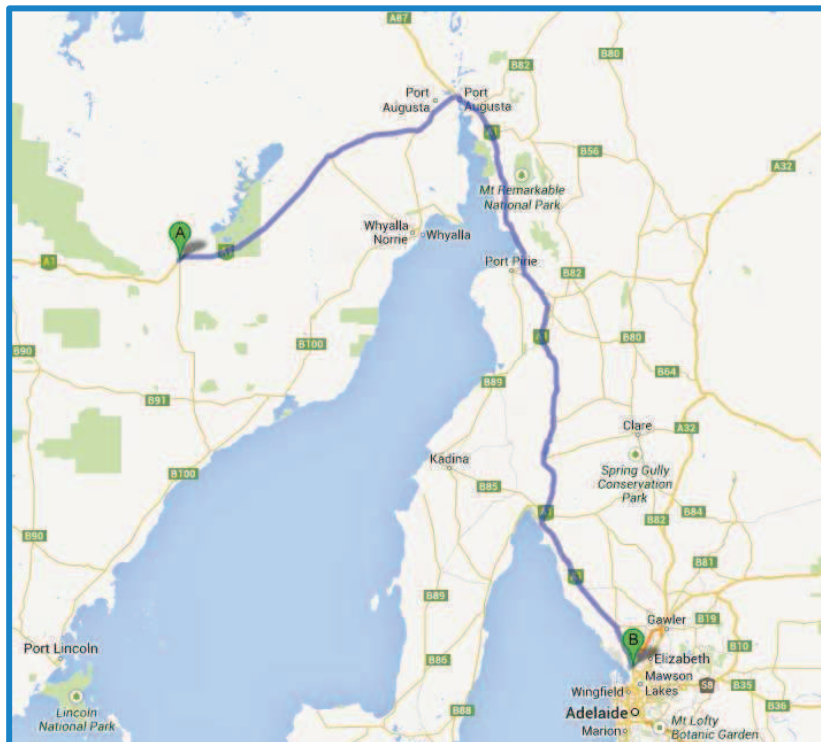
### 80 Person Mining Camp.

The assets consists of Ausco built transportable modular buildings including footings, pathways, services and other facilities purpose built for use as a mining camp.

Built date: Completed December 2011. Capacity: Sleeping quarters for 80 persons.

Location: Corner of North Terrace and Haskett Road, Kimba South Australia.

### Location of Town From Adelaide



### Camp Location in Kimba



## Independent Valuation Report – IronClad Mining Limited

### Camp Configuration:

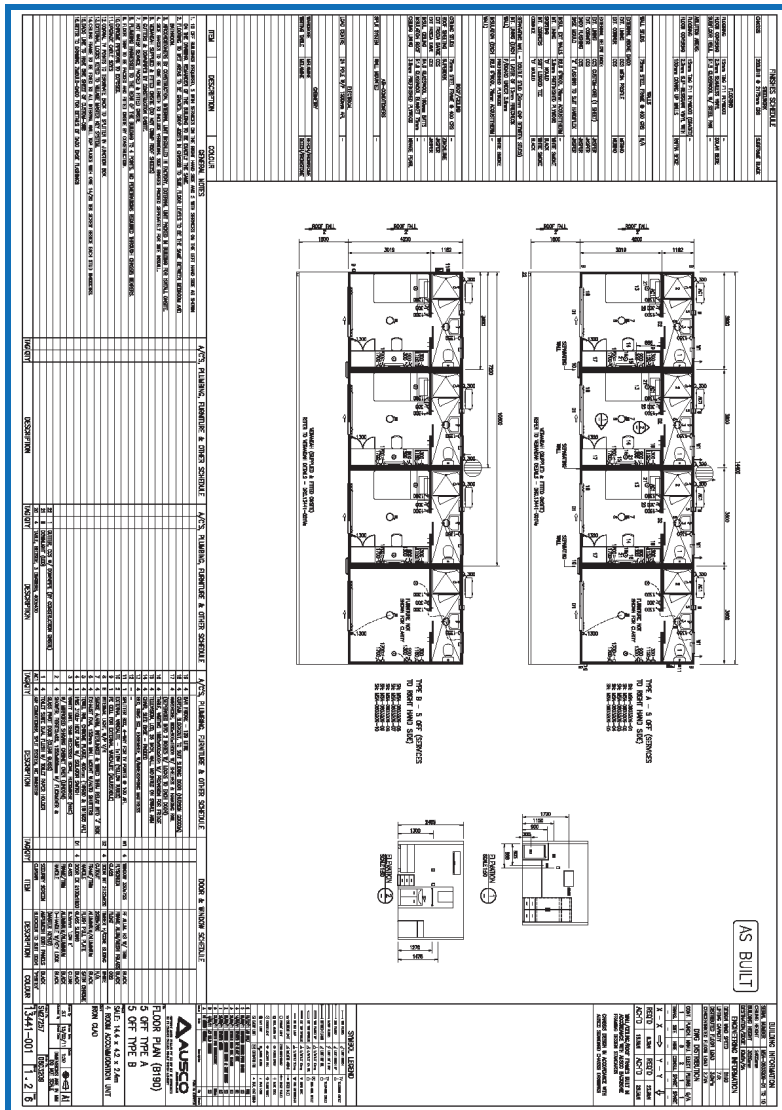
- 20 x Ensuted Accommodation Buildings (4 Person)
- 2 x Laundry Store Buildings.
- 1 x Kitchen / Dining Building.
- 1 x Type 4 Transportable Building. (Entertainment / Administration Building / Toilets).

### Ensuted Accommodation Buildings (4 Person)

Dimensions: 14.4 x 3.25m (Room Size 11.7m<sup>2</sup>)

Inclusions: External plain metal door, Internal timber door, Window with fly-screens, Block-out curtains for windows, Cut-out for air conditioner, Toilet suite, dual flush, with toilet paper holder, Shower cubicle with curtain, Vanity unit with mirror, Towel rail, Exhaust fan, Smoke alarm, Single bed with innerspring mattress, Chair, TV shelf, Writing table, Wardrobe, Bar fridge, Single socket outlets, Double socket outlets & Diffused Fluorescent lights

### Building plan.



## Independent Valuation Report – IronClad Mining Limited

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### Inspection Photographs







## Independent Valuation Report – IronClad Mining Limited

### Inspection Photographs



# Independent Valuation Report – IronClad Mining Limited

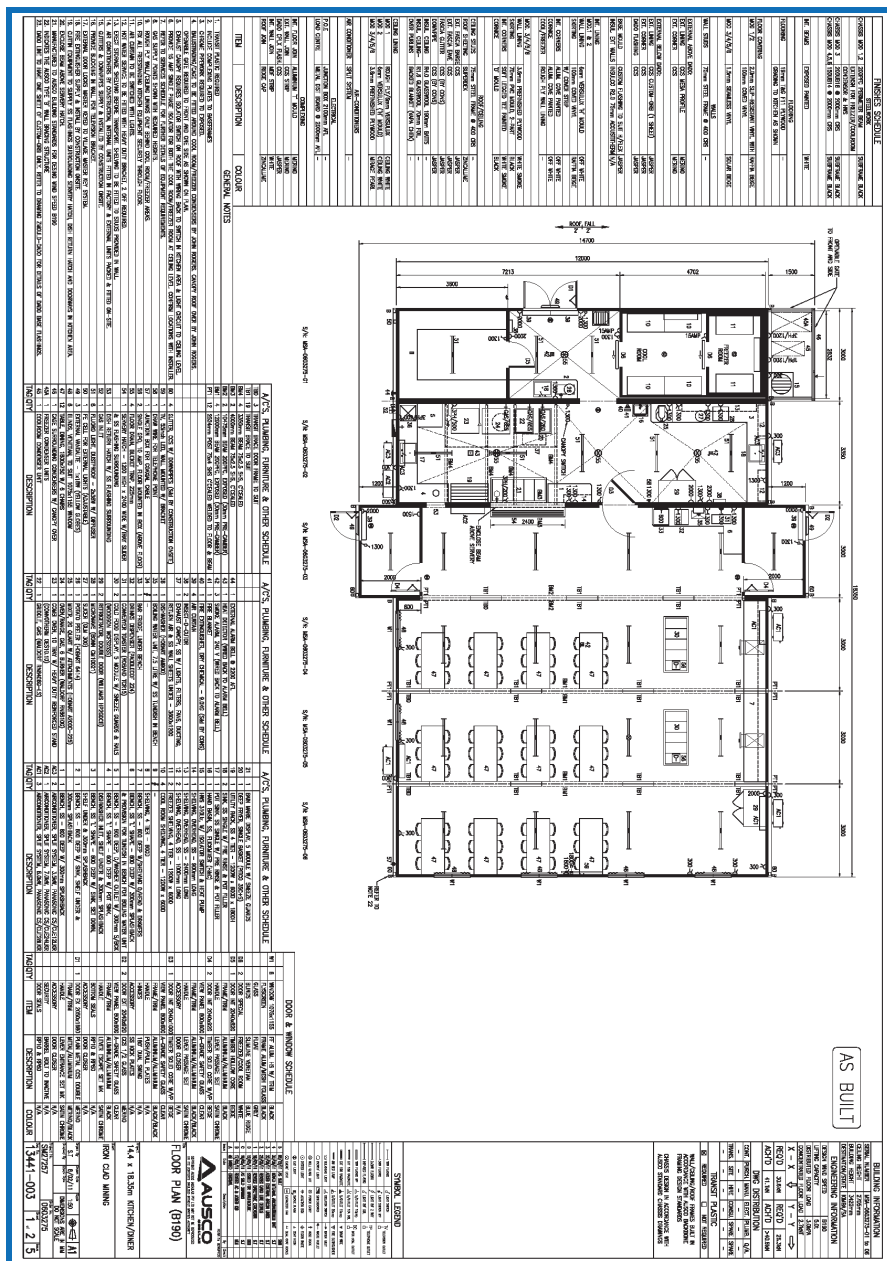
## Kitchen / Dining Building.

Dimensions: 12.0 m x 18.350m

Cooking and preparation facilities include areas and equipment for cooking, general prep, vegetable and meat prep, pastry, direct serve cooking and serveries for hot and cold food and beverages. Pot and dish wash areas are included.

The dining area is open plan style and allows for smooth and effective flow of patrons with different needs and requirements. The building hosts air curtains to all four doors and air-conditioning to both the kitchen and dining areas.

## Building plan.



## Independent Valuation Report – IronClad Mining Limited

### Inspection Photographs



# Independent Valuation Report – IronClad Mining Limited

## Entertainment / Administration /Toilets.

Dimensions: 12.0 m x 12.0 m

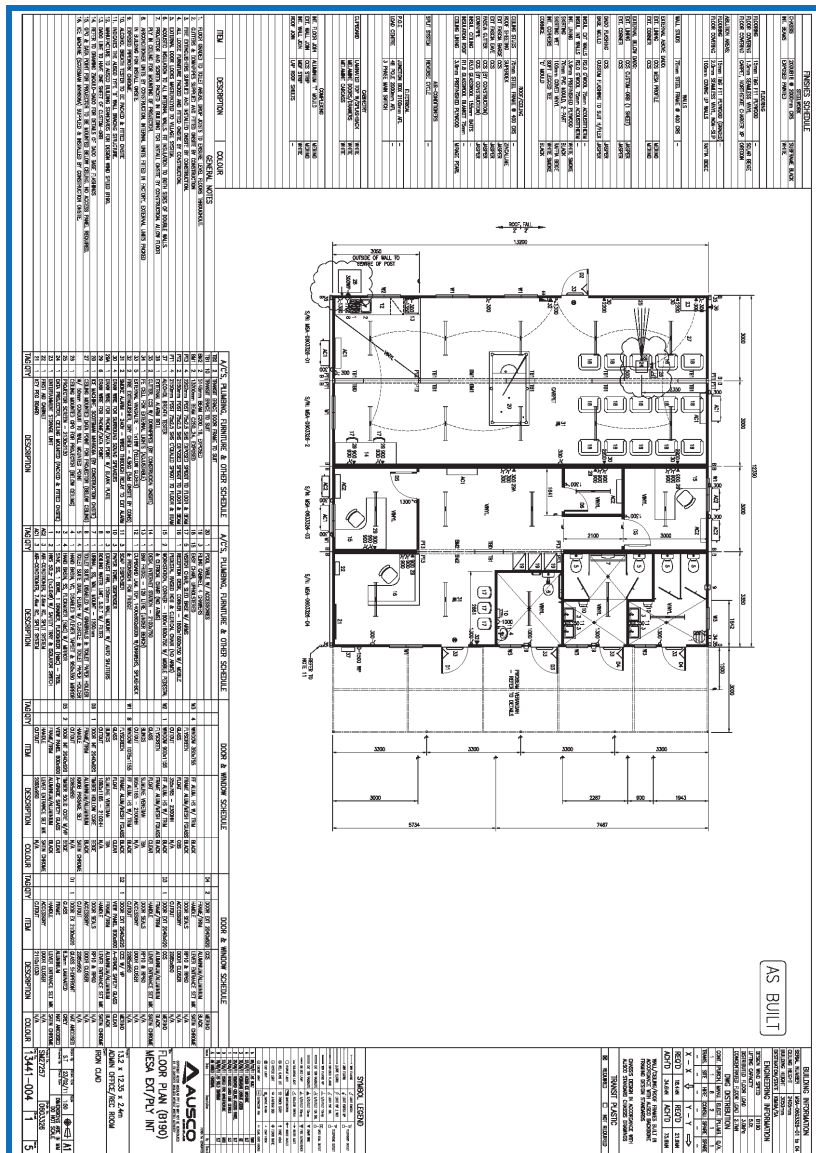
The entertainment section comprises of an open plan room fitted with small kitchen, fitted with screen, projector, surround sound system, tub chairs, television, billiards table, air-conditioning, carpets and vinyl flooring.

The administration section comprises of a reception area with counter & lounges, open office section with desks and photocopier/printer, two offices, computer storage room and networking equipment

The amenities section comprises of disabled toilet section, men’s separate toilets and ladies separate toilets.

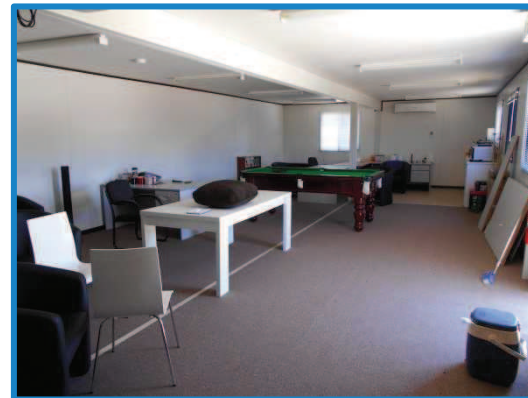
A commercial style ice machine is attached externally to the building.

## Building plan.



## Independent Valuation Report – IronClad Mining Limited

### Inspection Photographs - Entertainment / Administration /Toilets.



## Independent Valuation Report – IronClad Mining Limited

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### 5.2 Environmental & Contamination

We have not been instructed to carry out an environmental or contamination assessment nor have we investigated any historical records to determine past environmental issues regarding the assets recorded within this report.

No contamination or environmental issues were presented to the valuer that would require consideration when estimating the value of the subject assets.

Environmental & contamination issues can substantially reduce the value of assets, particularly in heavy industry such as mining and the like.

However, as all of the assets are of new quality and have not yet been utilised or put into service, it is reasonable to assume that there are not likely any environmental or contamination issues that would have a negative effect on the subject assets values.

After inspection and testimony, we have assumed that the majority of assets are not, nor are likely to be, affected by environmental or contamination issues.

The Dry Magnetic Separators are of new quality and have been stored under cover and no contamination was observed during inspection nor is it likely that there would be contamination present.

The Ram Spreader Revolving Bulk Container System is of new quality and has been stored at a facility in the open. No contamination was observed during inspection nor is it likely that there would be contamination present.

The powered barge was not able to be inspected and such no inspection of environmental or contamination issues could be observed. It is reasonable to assume that as the vessel has undergone certification and is awaiting a final deficiency check from the owner, that it is unlikely that any contamination issues exist once ownership has been taken.

The mining camp upon observation appears to be well designed to accommodate water run-off and buildings have no significant trees close enough to likely be a threat in the event of a bush fire. The separate sewage tank and pump system is located well away from any of the buildings and the kitchen range exhaust system appears well designed. No likely environmental issues were observed that would likely reduce the value of the camp.

Henley Valuers and the writer of this report give no verification or warranty relating to any environmental or contamination issues relating to the assets held within this report and advice that readers of this report should make their own enquiries to satisfy any concerns regarding the above.

## Independent Valuation Report – IronClad Mining Limited

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### 5.3 Property Title & PPS Register

The dry magnetic separators, ram spreader revolving bulk container system and the 80 person mining camp, which we have valued, do not carry a Certificate of Title as these mining assets are personal property (as opposed to property covered under the Land Titles legislation for fixed property).

We have, therefore, relied upon the information provided and testimony of the person/s in control of the assets, including Purchase Orders and supplier invoices and have searched the Personal Property Securities Register (PPSR) and found no evidence of third party encumbrances on assets which we have valued.

The PPSR is an Australian Government initiative maintained under the auspices of the Australian Financial Security Authority. It is an online register of all personal property that has security interests registered against it. Thereby allowing individuals and organisations to search and register security interests in personal property. It is commonly used as a point of reference to ascertain if an asset has an encumbrance against it.

The Company maintains an Asset Register which has been reviewed and confirmed that the aforementioned assets, valued by us, are included in the Asset Register.

The powered barge “Ironclad 1” is nearing completion and until handover to the company, it is not entered into a country’s shipping register. However, we have reviewed documentation that shows the incorporation of CSL (Tuvalu) Limited, a wholly owned subsidiary of Coastal Shipping Logistics Pty Ltd, which in turn is a wholly owned subsidiary of IronClad Mining Limited. Upon delivery, the powered barge “Ironclad 1” will become a registered Tuvalu ship and be entitled to fly the flag of that country. In the interim, we have reviewed the Company’s Consolidated Audited Accounts for year ended 30 June 2014 and half year ended 31 December 2014, to confirm that the powered barge is recorded as an asset of the Group.



## Independent Valuation Report – IronClad Mining Limited

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### 6 Valuation Analysis

#### 6.1 Highest & Best Use.

Highest & Best Use is defined by the International Valuation Standards Council as;

*“The use of an asset that maximises its potential and that is physically possible, legally permissible and financially feasible”.*

In regards to this valuation report, it is understood that the assets are to be employed as designed and as the manufacturer / contractor intended and therefore, the valuation was calculated in accordance with the highest and best use.

**Note.** The 80 person camp’s best use would likely be for mining staff & employees due to its design, location, configuration and fit-out. However, (although it is unlikely) the camp could be utilised for other private and public ventures, should the demand arise.

#### 6.2 Methodology.

The valuation methodology utilised for this report is in line with the valuation industry’s best practice and is in accordance with both the IVSC standards and the Australian Property Institute’s Professional Code of Conduct and Professional Practice Standards.

In order to arrive at an opinion of “Market Value In-Situ” of the subject assets, the valuer has considered all three approaches to value and has concluded the **“Cost Approach”** and the **“Sales Comparison Approach” (market approach)** as appropriate for this assignment. For more information on approaches of value utilised see section 2.5 of this report.

**Special Comment:** The definition of value is “Market Value In-Situ” (sometimes referred to as “Market Value In-Place” or “Fair Market Value Installed”) is essentially an opinion of market value with an assumption that the assets that are being sold to remain in place and in operation, taking advantage of all leasehold and site improvements designed to facilitate its operation, which is consistent with assignments of this nature. All three forms of definition are synonymous with the premise of market value. However, a number of assets have yet to be installed and no consideration of installation costs have been considered unless specifically noted in the analysis. Consideration has been made as to the mining camp’s installation costs.

In utilising the cost approach, the valuer starts with the current replacement or reproduction cost new of the property being valued and then deducts for the loss in value caused by physical deterioration, functional obsolescence and economic obsolescence. The logic behind the cost approach is the principle of substitution: A prudent buyer will not pay more for a property than the cost of acquiring a substitute property of equivalent utility.

In utilising the sales comparison approach, the valuer analyses recent sales (or offering prices) of properties that are similar (i.e., comparable) to the subject property. If the comparables are not exactly like the properties being valued, the selling prices of the comparables are adjusted to equate them to the characteristics of the properties being valued.

## Independent Valuation Report – IronClad Mining Limited

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Below are the key factors considered for each class of the subject assets for assisting the valuer in arriving at an opinion of value:

### **Dry Magnetic Separators. (DMS)**

**Design:** Is the design in line with contemporary and proven designs?

**Certification:** Does the asset require certification & if so has this been achieved?

**Build quality:** Does the quality of the materials and assembly ensure that the asset is fit for the purpose and will last the estimated useful life time period?

**Purpose suitability:** Is the purpose of the asset in line with the purpose the manufacture intended or has the asset been borrowed from other industry purposes?

**Industry norms:** Is the asset commonly utilised in the same industry as the subject asset will be utilised in?

**Efficiency:** How efficient is the subject asset compared to the latest like assets?

**Warranty:** What, if any warranties exist? What are the warranty conditions?

**Installation and transport costs:** Do installation, removal & transport costs make it prohibitive in reselling the assets?

**Maintenance & Care:** Have the assets been maintained in line with manufactures guidelines or has maintenance programs been reduced or removed? Is the cost of maintaining the asset a significant barrier for potential purchasers?

**Estimated useful Life:** What is the manufactures estimated economical life as opposed to the industry's opinion of economic life?

**Effective age:** What is the asset's effective age? (not chronological age).

**Physical Deterioration:** What physical deterioration if any has the asset experienced?

**Functional and/or economic obsolescence:** What, if any functional and economic obsolescence have the assets likely to have experienced?

**Training:** Has training been provided for operation and maintenance personnel?

### **Ram Spreader Revolving Bulk Container System.**

**Design:** Is the design in line with contemporary and proven designs?

**Certification:** Does the asset require certification & if so has this been achieved?

**Build quality:** Does the quality of the materials and assembly ensure that the asset is fit for the purpose and will last the estimated useful life time period?

**Purpose suitability:** Is the purpose of the asset in line with the purpose the manufacture intended or has the asset been borrowed from other industry purposes?

**Industry norms:** Is the asset commonly utilised in the same industry as the subject asset will be utilised in?

**Efficiency:** How efficient is the subject asset compared to the latest like assets?

**Cohesion:** Is the asset correctly matched to other system assets (containers)?

**Warranty:** What, if any warranties exist? What are the warranty conditions?

**Installation and transport costs:** Do installation, removal & transport costs make it prohibitive in reselling the assets?

**Maintenance & Care:** Have the assets been maintained in line with manufactures guidelines or has maintenance programs been reduced or removed? Is the cost of maintaining the asset a significant barrier for potential purchasers?

**Estimated useful Life:** What is the manufactures estimated economical life as opposed to the industry's opinion of economic life?

**Effective age:** What is the asset's effective age? (not chronological age).

**Physical Deterioration:** What physical deterioration if any has the asset experienced?

**Functional and/or economic obsolescence:** What, if any functional and economic obsolescence have the assets likely to have experienced?

**Training:** Has training been provided for operation and maintenance personnel?

## Independent Valuation Report – IronClad Mining Limited

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### Powered Barge.

**Design:** Is the design in line with contemporary vessel designs?

**Certification:** Does the asset require certification & if so has this been achieved?

**Category Class:** Does the class classification allow for use in other industries and territories?

**Build quality:** Does the quality of the materials and assembly ensure that the asset is fit for the purpose and will last the estimated useful life time period?

**Does the design allow for modification and change of purpose?** Will the vessel be attractive to buyers for a different purpose?

**Purpose suitability:** Is the purpose of the asset in line with the purpose the manufacture intended or has the asset been borrowed from other industry purposes?

**Industry norms:** Is the asset commonly utilised in the same industry as the subject asset will be utilised in?

**Efficiency:** How efficient is the subject asset compared to the latest like assets?

**Warranty:** What, if any warranties exist? What are the warranty conditions?

**Removal and transport costs:** Do removal & transport costs make it prohibitive in reselling the asset?

**Maintenance & Care:** Have the assets been maintained in line with manufactures guidelines or has maintenance programs been reduced or removed? Is the cost of maintaining the asset a significant barrier for potential purchasers?

**Estimated useful Life:** What is the manufactures estimated economical life as opposed to the industry's opinion of economic life?

**Effective age:** What is the asset's effective age? (not chronological age).

**Physical Deterioration:** What physical deterioration if any has the asset experienced? Has all repairs been completed?

**Functional and/or economic obsolescence:** What if any functional and economic obsolescence has the assets likely to have experienced?

**Training:** Has training been provided for operation and maintenance personnel?

Other considerations include; carrying load, bow thrusters, engine output, sea going or inshore only, bow & stern ramps & other.

### 80 Person Mining Camp.

**Location:** Does the location support other purposes of usage?

**Design:** Is the design fit for purpose and flexible enough to be modified?

**Certification:** Do the assets meet the regulatory standards and zoning approvals?

**Build quality:** Does the quality of the materials and assembly ensure that the asset is fit for the purpose and location and will last the estimated useful life time period?

**Purpose suitability:** Is the asset suitable for the intended purpose?

**Industry norms:** Is the asset commonly utilised in the same industry as the subject asset will be utilised in?

**Efficiency:** Do the appropriate services and amenities provide efficiency in running costs?

**Warranty:** What, if any warranties exist? What are the warranty conditions?

**Installation and transport costs:** Do installation, removal & transport costs make it prohibitive in reselling the asset?

**Maintenance & Care:** Have the assets been maintained in line with manufactures guidelines or has maintenance programs been reduced or removed? Is the cost of maintaining the asset a significant barrier for potential purchasers?

**Estimated useful Life:** What is the manufactures estimated economical life as opposed to the industry's opinion of economic life?

**Effective age:** What is the asset's effective age? (not chronological age).

**Physical Deterioration:** What physical deterioration has the asset experienced?

**Functional and/or economic obsolescence:** What if any functional and economic obsolescence has the assets likely to have experienced?

## Independent Valuation Report – IronClad Mining Limited

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### 6.3 Key Assumptions

Having regard to the information set out above in previous sections and after inspection, research and analysis the valuer has made the following assumptions and conclusions;

#### **Dry Magnetic Separators. (DMS)**

The DMS units are of virtually new quality and appear to be of original design which is consistent with contemporary designs. No certification approval was provided to the valuer for the DMS units. However, it is likely that the certification process is conducted internally during the company's design and manufacturing process. According to the corporate office, the manufacturer has certification that they conform to ISO:9001:2008 for design, manufacture and repair of magnetic separators.

The quality of the build appears to be of very good quality and manufacturing is by a recognised global company. It is likely, subject to normal conditions and maintenance programs, that the DMS units will fulfil their useful economic life.

The DMS units are likely to be utilised for the purpose the manufacturer intended and the said assets are commonly utilised in the mining industry.

Efficiency factors have not been tested as the unit has not yet been put into service, however, estimated production levels are in line with the latest like machinery in the mining industry.

No evidence of warranties were provided to the valuer, however as the subject items are of a few years of age it is likely that the warranty periods have likely expired or getting towards the end of the warranty period.

Installation, removal and transportation is not likely to be a significant barrier to reselling of the asset as the costs are likely to be relatively low compared to the initial purchase cost.

The assets have not yet been put into service and it is understood that currently no maintenance program exists for these DMS units. The cost ongoing maintenance programs would likely be considered for potential buyers.

No estimated useful economic life period was discovered from the manufacturer. Based upon research, the estimated useful life of the DMS units is on average between 14 – 16 years. As the units have not been put into service and have been in storage in a dry enclosed environment, the valuer has concluded the DMS units effective age to be 0.5 years.

Upon inspection there appears to be no physical deterioration, however, as the DMS units have been idle for some time, they may have experienced some minor internal deterioration to seals, bearings and the like. 0.5 years usage has been calculated to include the aforementioned assumption.

There appears to be no functional obsolescence, however due to the falling price in iron ore, the valuer has assumed some economic obsolescence as beneficiation of iron ore will not be feasible for a number of mines, making the equipment less valuable. Since January 2012 to Dec 2014, iron ore fines prices have reduced approximately 60% to around US\$68.70 per tonne. The softening in demand for iron ore and falling iron ore prices has provided reasonable grounds for economic obsolescence to be applied to the subject DMS units.

## Independent Valuation Report – IronClad Mining Limited

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### **Ram Spreader Revolving Bulk Container System (RSRBCS).**

The RSRBCS is of virtually new quality and appear to be of original design which is consistent with contemporary designs. Certification approval sheets were provided to validate certification of the design.

The quality of the build appears to be of very good quality and the certification sheet shows the engineering firm is ISO:9001:2008 certified. It is likely, subject to normal conditions and maintenance programs that the RSRBCS will fulfil their useful economic life.

The RSRBCS is likely to be utilised for the purpose the manufacturer intended and the said assets are commonly utilised in the shipping industry.

Efficiency factors have not been tested as the unit has not yet been put into service. However, from research it is estimated to load up to 1700 tonnes per hour. This system is specifically designed for the lidded 20ft ½ height containers and appears to be a cohesive integrated system.

No evidence of warranties were provided to the valuer, however as the subject items are of a few years of age (2.5years) it is likely that the warranty periods have likely expired or getting towards the end of the warranty period.

Installation, removal and transportation is not likely to be a significant barrier to reselling of the asset as the costs are likely to be relatively low compared to the initial purchase cost.

The assets have not yet been put into service and is it understood that currently no maintenance program exists for thee RSRBCS. The cost of ongoing maintenance programs would likely be considered for potential buyers.

No estimated useful economic life period was discovered from the manufacturer. Based upon research, the estimated useful life of the RSRBCS is on average between 18 – 22 years which is in line with cranes & hoisting equipment. As the units have not been put into service and have been in storage in an unprotected unenclosed environment, the valuer has concluded the RSRBCS effective age to be 0.5 years.

Upon inspection there appears to only minor physical deterioration (mainly paintwork). The RSRBCS has been idle for some time and the system may require an inspection before it is put into service.

The valuer found no significant evidence of functional obsolescence. The only form of economic obsolescence that would likely affect the resale of the system, is that the design is for 20ft containers and cannot accommodate 40ft containers. The design purpose is relatively specific, for fast loading of materials such as coal and iron ore etc. This may limit the potential sale to specific markets.

From invoices it appears that maintenance training has been commissioned as well as an amount of USA\$44,000 for spare parts.

## Independent Valuation Report – IronClad Mining Limited

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### **Powered Barge.**

The Barge is of virtually new quality and is understood to have been altered from the original design in the way of lengthening from 49 metres to 57 metres and strengthening of the deck to carry ore containers. The design appears to be of contemporary design. It is understood that a final owner (IFE) deficiency list is awaiting completion.

No completed certification data was provided.

It is understood that the barge has been built to ABS A1 Powered Barge survey class. It is understood that the barge will come under the NSCV Code - Class 2C operations.

No physical inspection was able to be conducted. It is assumed that the quality of the build and materials used will make the vessel fit for purpose and would that the vessel would likely last its estimated useful economic life.

It would appear that the present design can allow for changes such as bow, stern and side ramps to be installed which could make the vessel useful for other purposes. The cost of installing ramps and modifications would likely be considered by both the seller and buyer during the transaction of a potential sale.

The barge is understood to be purpose built to carry ore containers for loading offshore and as such it is assumed that the final design is suitable for the intended purpose.

As the barge is not yet in use, real time efficiency has not likely be conducted and no evidence was provided to the valuer of efficiency testing. The barge is understood to have an estimated fully laden speed range is given as 5.25 to 5.75 knots. Vessels of like design appear to have service speeds ranging from 8 knots to 11 knots. However, the engine HP would likely account for the discrepancy between the like vessels.

No evidence of warranties was provided to the valuer, however as the subject vessel is of new condition it is likely that there is a valid warranty in place.

Transportation is not likely to be a significant barrier to reselling of the asset as the costs are likely to be relatively low compared to the initial purchase cost.

The barge has not yet been put into service and no evidence was provided of maintenance programs. The maintenance and compliance of the subject vessel would likely be a significant consideration for potential purchasers.

According to life studies, barges of similar like have a useful economic life of approximately 30years. The effective age of the vessel is 'New – Almost Complete'.

The valuer has not conducted a physical inspection, however, from the Brookes Bell report it would appear that there is numerous outstanding work to be completed. Consideration to the outstanding works, absence of bow & stern rams & barge service speed was considered to be functional obsolescence. Economic obsolescence analysis was conducted upon comparable listings and an adjustment of 8.7% has been concluded and applied to the barge value.

No evidence of training programs for operation or maintenance was provided to the valuer.

## Independent Valuation Report – IronClad Mining Limited

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### **80 Person Mining Camp.**

The mining camp is located at the South Australian town of Kimba, approximately 30 kilometres south of the mine site. The population of the district has been gradually declining over recent decades, with the district population currently around 1,211 people. Approximately 650 people reside within the township.

Although unlikely, the mining camp could support accommodation for other purposes as its modular design can be relatively easy to modify for different types of businesses and ventures.

Information from the manufacturer states the buildings meet Australian Design Standards.

Upon inspection of the location and review of the manufacturer, the buildings appear of good quality and designed to meet the needs of the location, purpose and last the estimated useful economic life.

Upon inspection it appears that the configuration and setup is in line with the purpose it was designed for and that it is flexible enough to be modified to cater for expansion or reduction.

The type & style of buildings, design and layout of the camp appears to be consistent with similar camps in the mining industry. As the camp is not being utilised, no efficiency data would likely exist. It is assumed that the design of the camp has incorporated efficiency measures.

Information provided by IronClad suggests that an initial intensive maintenance and checklist program has been conducted.

The style of building by nature is transportable and as such, a likely buyer would consider the associated removal and transportation costs in the event of a relocation. As this report is for Market Value In –Situ (In Place) no consideration for removal and/or transportation has been made as it is assumed that the assets will continue to be utilised in place. Although a likely buyer would consider removal and transportation costs, the benefit of the 'Transportability' of the assets would likely reduce the negatives of those costs.

As stated above, information received shows an extensive maintenance and inspection process has been conducted. Presently only minor maintenance is being conducted on the camp site, however, as the camp is vacant, it is unlikely that major maintenance is required (under normal conditions). Should a severe weather event occur, the camp may require more substantial maintenance.

No evidence of warranties was provided to the valuer, however as the subject mining camp is of new condition it is likely that there is a valid warranty in place.

Transportation is not likely to be a significant barrier to reselling of the assets as the costs are likely to be relatively low compared to the initial purchase cost.

According to life studies, buildings of similar like have a useful economic life of approximately 30years. The chronological age of the camp is 3 years and the effective age is approximately 1 year as it has understood to never have been inhabited as designed.

Only minor evidence of physical deterioration was found. No functional obsolescence was found. Economic obsolescence was calculated to be \$390,000.

## Independent Valuation Report – IronClad Mining Limited

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### 6.4 Extraordinary Assumption

An extraordinary assumption is: "...An assumption directly related to a specific assignment, which if found to be false, could alter the valuer's opinions of conclusions". (USPAP page U-3).

As the valuer was unable to conduct a physical inspection of the Powered Barge, an extraordinary assumption has been made as to its finished state, condition, compliance with design standards and sea worthiness of the vessel. Information received from key personnel of IronClad and the Brookes Bell report of 21<sup>st</sup> September, 2014 has been taken in good faith and due to the circumstances of conditions regarding this assignment, the valuer gives no warranty as to the validity of information regarding the subject barge.

Should the information received and disclosed to the valuer be defective, incorrect or misrepresented, the value of the subject assets could be different from the opinion provided in this report.

### 6.5 Market Analysis

#### Industry

According to a recent article from Mining Australia, "In its September quarter report, The Bureau of Resources and Energy Economics (BREE) said global commodity supply had grown significantly over recent years, placing pressure on prices in the medium term".

It said producers will need to continue to focus on managing costs and improving their competitiveness in order to survive downturn in the price cycle.

In relation to iron ore, it stated "While the group said iron ore price volatility is not uncommon, this difference this time is the oversupply flooding the market".

Over the next 5 years, iron ore prices are projected to average between US\$90 and US\$95 a tonne. This would suggest that there exists a level of volatility and uncertainty for mining companies of iron ore and efficiency of production and reduction in operating costs would likely be the major focus.

#### South Australia

Seasonally adjusted, the SA jobless rate seasonally adjusted was 6.7% for November. The impending closure of GMH and other manufacturing within the state together with an easing of investment in mining has produced volatility and uncertainty in the SA markets.

According to a 2014 BankSA survey, business confidence and consumer confidence has fallen to a 17 year low. This lack of consumer confidence together with high unemployment will likely have a negative effect on retailers and suppliers.

#### National

On the 6<sup>th</sup> January, 2015 the RBA board decided to leave the cash rate unchanged at 2.5%. The CPI rate is sitting at 1.7%, property price growth is expected to slow and investment spending in the resource sector is forecasted to fall significantly and the current economic conditions remain volatile. Public spending is scheduled to be subdued. Overall, the Bank still expects growth to be a little below trend for the next several quarters.



## Independent Valuation Report – IronClad Mining Limited

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### **Assets**

Upon investigation and research there appears to be active markets accessible for review for all of the asset types held within this report with the exception of the Ram Spreader Revolving Bulk Container System (RSRBCS). No evidence could be found of accessible sales data, although it is likely that trade does exist between port facility operators which may not be disclosed to the public.

#### **Dry Magnetic Separators. (DMS)**

The DMS units are relatively specific in their application and as such would likely only suit buyers in a narrow industry field. The units are generally used for separation of iron ore or manganese. The price of iron ore has fallen dramatically over the last 2-3 years and as such the demand from iron ore mining companies for like equipment would likely be low to very low.

The largest Manganese mining companies are located mainly in WA and NT and would likely already have their own equipment in their respective process plants so demand from manganese mining companies would also likely be low.

The values of mining processing equipment is relevant to the efficiency of throughput and capacity of production. However, the value of the commodity on world markets also can significantly affect the values also.

As demand for iron ore has fallen, albeit short term, the resulting fall in iron ore prices has likely had the most significant effect on mining machinery such as the subject separators.

#### **Ram Spreader Revolving Bulk Container System (RSRBCS).**

Like the DMS units, the RSRBCS is very specific in its purpose. However, unlike the DMS units, the can be used to accommodate many different forms of materials and subsequently can be used to service a far wider range of industries.

The level of estimated efficiency and contemporary design also in the opinion of the valuer, makes the RSRBCS very attractive to potential buyers and would likely have good demand.

Supply of like units is limited to a few manufactures and it is likely that residual values remain relatively high.

## Independent Valuation Report – IronClad Mining Limited

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### **Assets**

#### **Powered Barge.**

The subject vessel has been special designed to meet the needs of the mining company and as such would likely suit a buyer in the same or similar industry.

That being said, the vessel has the capacity to be modified for other purposes and as such a likely buyer would reasonable take into consideration the costs to make any modifications.

There appears to be an active market for vessels similar to the subject, however due to the high purchase cost and cost of possible modifications, time on the market can be considerable before a transaction takes place.

From the time of initial design to commissioning and completion of like vessels, many economic and political conditions can change which can see supply and demand fluctuate considerably. Along with these fluctuations, listing and realisation prices can also fluctuate considerably.

Although it is assumed that the subject vessel is of good design, the Brookes Bell report leaves little confidence regarding the quality of the build mainly due to the many defects presented in the said report. It is likely that a market transaction would result in a discounted price in order to conclude a likely sale. The absence of ramps would likely limit the seller to a narrower market. Functional obsolescence was concluded to be 75% of the cost to include a bow & stern ramp as almost all comparable powered barges had ramps.

#### **80 Person Mining Camp.**

The mining camp has also been purpose built. Although values in this report are based upon Market Value In-Situ (In place), the benefit of the modular building system (transportable) is that the buildings can be easily removed and relocated.

This benefits the likely purchaser and/or owner and reduces the impact of economic obsolescence upon the camp.

There are a number of suppliers that specialise in transportable mining camps and as such would suggest a good level of supply. Demand can obviously fluctuate according to the level of production from mining companies, however it is likely that demand is relatively stable as not all sectors of the mining industry are reducing production.

The inclusion of furniture, fixtures and fittings represents an attractive camp package for potential purchasers.

The only negative aspect is that the facility is not being currently utilised as the mine is not in construction or production stages of it life cycle. This suggests a level of economic obsolescence and as such would likely lose some value as a result of external market forces such as commodity prices, the economy and the like.

## Independent Valuation Report – IronClad Mining Limited

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### 6.6 Conclusions & Findings

Having regard to the information set out above in previous sections and after inspection, research and analysis, the valuer has made the following conclusions regarding the following assets;

#### **Dry Magnetic Separators. (DMS)**

The DMS units are of like new condition and of modern design and would likely sell, albeit at a heavily reduced price under the current conditions.

The main reason for loss in value is due to external forces such as the falling iron ore prices. The demand appears to be relatively low under the current environment and uncertainty in the market would likely make the time on the market reasonably long before a transaction is made.

A minor adjustment has been made to physical deterioration (0.5 year) and a major adjustment has been made for economic obsolescence. No amount was deducted for functional obsolescence.

#### **Ram Spreader Revolving Bulk Container System (RSRBCS).**

The RSRBCS is of like new condition and of contemporary design and would likely sell in a relatively short period. The design, estimated productivity levels and flexibility to be utilised in other industries would in the opinion of the valuer create a good level of demand.

A small deduction has been made to physical deterioration (0.5 year) and a minor adjustment has been made for economic obsolescence. This is mainly due to a drop in demand for Australian resources (albeit only temporary).

#### **Powered Barge.**

The subject barge is of new quality and has been purpose built for carrying iron ore containers for shore to ship transfer. Although it is assumed that the vessel could be utilised in other industries and for other purposes, the cost of modification would likely be high.

Under the current global economic climate, it is reasonable to assume that there would be a level of demand (albeit low) for vessels similar to the subject. However, the time on the market would likely be relatively long as the cost of the investment is significant and the vessel would likely have to be modified to meet the purchaser's requirements.

A deduction of the cost to cure the outstanding repairs has been calculated utilising information from the Brookes Bell report. Both functional and economic obsolescence was considered and applied to the barge.

#### **80 Person Mining Camp.**

The mining camp presents in good condition with no apparent major defects or design flaws. A minor amount has been applied for physical deterioration as the building has been in the elements and shows some small problems caused mainly by weather events. No functional obsolescence was applied, however a deduction for economic obsolescence was applied due to the fact that it is not being utilised because there is no active mining construction or production being conducted.

## Independent Valuation Report – IronClad Mining Limited

### 7 Depreciation and Life Cycle Analysis

#### 7.1 Depreciation.

In forming an opinion of value of the subject assets the valuer has considered the annual probability of loss of value of each of the assets.

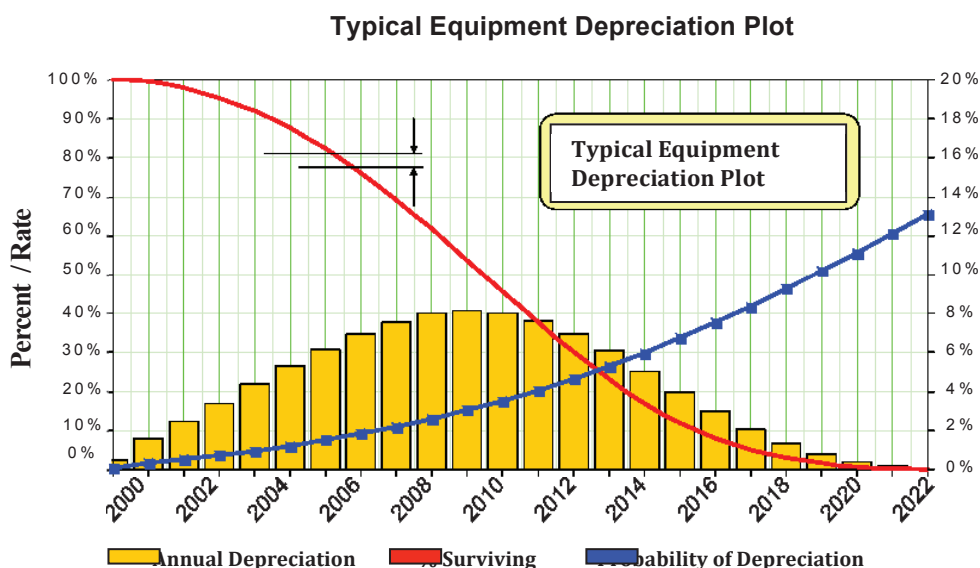
The probability of loss is simply the statistically most likely depreciation rate in any given year or period. The probability of loss may also be referred to as the probability of depreciation or simply as the depreciation rate.

There are three primary ways that depreciation can influence the value of personal property. Depreciation, regardless of the type, can reduce the value of the property by:

- (1) Reducing the service life of the property.
- (2) Reducing the utilisation or utility of the property, and/or
- (3) Reducing the net income or profitability of the property.

Plant, machinery, vessels and transportable buildings generally does not incur depreciation losses in a linear form as is common in accounting terms. It is more common for processing plant & equipment to experience losses from depreciation at differing rates over the life cycle.

It should be noted that for purposes of valuation, depreciation may include economic influences that are independent of the fixed-assets, such as an economic loss in the going-concern of the business that is not related to the tangible value of the physical property.

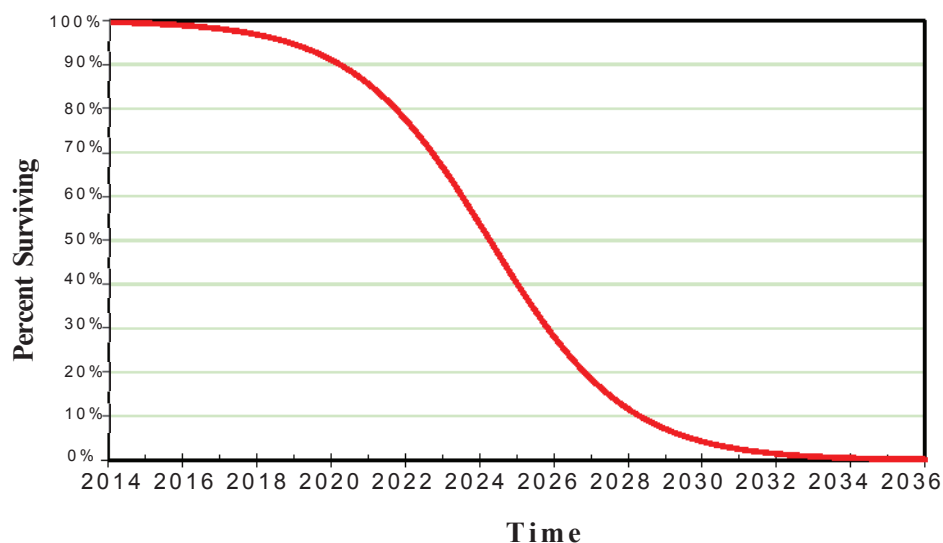


## Independent Valuation Report – IronClad Mining Limited

### 7.2 Life Cycles.

Life-Cycle Analysis is the process of analysing the forces of depreciation impacting the life and value of the assets and quantifying the nature and pattern of the ongoing economic consumption of the assets. From the Life-Cycle model, the ongoing depreciation and remaining life expectancies are readily determined.

*Typical Life Cycle Plot*



In line with life cycle research and analysis, the valuer has concluded the following estimated useful economic life cycles (on average) of the subject assets;

Dry Magnetic Separators (DMS) -	15 years
Ram Spreader Revolving Bulk Container System -	20 years
Powered Barge -	30 years
80 person mining camp -	30 years

As previously discussed within this report, all the assets are of like new condition and only minor adjustments have been made for physical deterioration.

The above figures are estimates only and depending on maintenance and environmental conditions the expected useful life periods can be greatly reduced or extended.

## Independent Valuation Report – IronClad Mining Limited

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### 8 Valuers Statements

#### 8.1 Compliance with Valuation Standards

This report has been made in accordance with the International Valuation Standards Council's (IVSC) guidelines and the Australian Property Institute's Professional Code of Conduct and Professional Practice Standards.

Further consideration has been made to Australian Securities and Investments Commission Regulatory Guide 111, Content of expert's reports (RG112).

The valuer confirms that he has sufficient knowledge to undertake investigation of the particular personal property markets relevant to the assets contained within this report and has the appropriate education, experience & training to undertake the valuation competently. Where an extraordinary condition or hypothetical assumption or variance to the aforementioned standards has been utilised, an explanation and support of the decision has been recorded.

#### 8.2 Previous Work

Further, Henley Valuers and the valuer of this report have not had within the previous two years, any business, professional or financial relationship with BDO Corporate Finance (WA) Pty Ltd, IronClad Mining Limited, Trafford Resources Limited or other interest that could be reasonably be regarded as capable of affecting their ability to provide an unbiased opinion of the subject assets in relation to the merger.

#### 8.3 Independence & Impartiality Statement

Henley Valuers and the valuer of this report are required to be independent of the Entity and instructing party in order to provide an independent expert's report. The guidelines for independence in the preparation of reports are set out in Regulatory Guide 112 issued by the Australian Securities & Investments Commission on 30 March 2011.

The valuer of this report confirms to be independent in terms of ASIC Regulatory Guide 112, and also confirms that he is independent of the engaging party and their representative(s) and that he acknowledges that he has a duty to assist the party impartially on matters within his knowledge and capability. Further, he acknowledges that he has not in the past, does not now or in the future, have an interest in the assets. Further, neither Henley Valuers or the valuer of this report has any interest in the outcome of this report or the proposed merger scheme. Henley Valuers has will receive a fixed fee of \$7,500 plus GST for the preparation of this report. This fee is not contingent on the conclusions reached or the outcome of the Merger.

#### 8.4 Confidentiality Statement

Henley Valuers has consented to this report, in the form and context in which it appears, being included in the Independent Expert's Report prepared by BDO Corporate Finance (WA) Pty Ltd. Neither the whole nor any part of this report nor any reference to it may be included in or attached to any other document without the prior consent of Henley Valuers.

## Independent Valuation Report – IronClad Mining Limited

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### 9 Valuation Certification

Based upon the information contained within this report and taking into consideration the conditions of this assignment, I certify that I have made all the enquiries I believe are desirable and appropriate, and to my knowledge there have not been any significant relevant matters omitted from this report.

I have made a personal inspection of the assets contained within this report with the exception of the powered barge.

All facts and statements set forth in this report are true correct to the best of the valuer's knowledge.

The fee for this valuation report is not contingent upon the opinion of the values reported and the engagement of this report was not contingent upon reporting predetermined results.

I hereby declare that neither the valuer or Henley Valuers or any of its officers have a pecuniary interest that would conflict with the proper valuation of the assets valued within this report.

The opinions and conclusions within this report are my own unbiased, impartial and professional opinions and conclusions.

I confirm that I have complied with the requirements of the IVSC standards, the Australian Property Institute's Professional Code of Conduct and Professional Practice Standards and ASIC Regulatory Guide 112.

Subject to the assumptions & limiting conditions described herein this Valuation Report, it is the undersigned valuer's independent, unbiased and professional opinion that the aggregated estimated 'Market Value In-Situ' of all assets, exclusive of GST, are as follows;

**Market Value In-Situ (MV) \$9,700,000 \$AUD (Rounded)**  
(Nine Million Seven Hundred Thousand Dollars - Exclusive of GST)

This certificate of valuation forms part of the detailed valuation report and must be attached to it, and it should not be used or read independently from, the complete report.

Yours sincerely,



John Mathe  
AAPI CPV (P&M), AVAA, ASA, SAA

## Independent Valuation Report – IronClad Mining Limited

### Appendix A. Valuation Calculations

Dry Magnetic Separators	\$AUD
Replacement Cost New (RCN) (ex-gst)	\$720,000
Less Physical Deterioration (PD) @ 3.3% Rounded	- \$23,800
Replacement Cost New Less Physical Deterioration	\$696,200
Less Functional Obsolescence (FO)	- \$0
RCN Less PD & FO	\$696,200
Less assumed Economic Obsolescence (EO) @ 17.5%	- \$121,800
Replacement Cost New Less all depreciation and obsolescence (RCNLD) Rounded	\$ 575,000
<b>Total</b>	<b>\$575,000</b>

Dry Magnetic Separators – Economic Obsolescence Calculations in \$AUD						
Comps	RCN	Phys Dep % Remaining	Func Obs %	RCNLD	MV	Implied Remaining Econ Obs.
1	\$291,000	100%	0%	\$291,000	\$251,000	13.74%
2	\$205,300	60%	0%	\$123,100	\$100,000	18.77%
3	\$336,000	60%	0%	\$201,600	\$167,500	16.91%
4	\$512,000	33%	0%	\$169,000	\$132,300	21.72%
				<b>Total</b>	<b>\$784,700</b>	<b>\$650,800</b> /4 = 17.78%
						<b>17.06%</b>
<b>Subject</b>	<b>\$360,000</b>	<b>96.67%</b>	<b>0%</b>	<b>\$348,000</b>	<b>\$287,100</b>	<b>Say 17.5%</b> <b>@ - 17.5%</b>
				<b>\$287,100 x 2 =</b>	<b>\$574,200</b>	
				<b>Rounded</b>	<b>\$575,000</b>	



## Independent Valuation Report – IronClad Mining Limited

### Appendix A. Valuation Calculations

Ram Spreader Revolving Bulk Container System	\$AUD
Replacement Cost New (RCN) (no-gst)	\$1,050,000
Less Physical Deterioration (PD) @ 2.5% Rounded	- \$26,250
Replacement Cost New Less Physical Deterioration	\$1,023,750
Less Functional Obsolescence (FO)	- \$0
RCN Less PD & FO	\$1,023,750
Less assumed Economic Obsolescence (EO)	- \$0
Replacement Cost New Less all depreciation and obsolescence (RCNLD) Rounded	\$1,025,000
<b>Total</b>	<b>\$1,025,000</b>

**Special Note:** A mounting station and three lidded 20ft ½ height shipping containers are included in the RCN figure.

Further, no functional or economic obsolescence was identified. Reasoning upon research is laid out in the following;

- Iron ore prices are at record lows, however demand is expected to continue to rise (in the long term) and mining production is being ramped up to maintain mining profits.
- The latest Australian Ports Report from Ecosa shows around 9% growth of throughput for 2013/2014 demonstrating stability, and growth is expected to continue around 10%.
- Ports globally are constantly trying to improve efficiency to meet demand.
- The efficiency of throughput of bulk materials has a direct relation to the handling equipment and it appears that the RSRBC system is an efficient system with the following benefits; (a) Less equipment required, (b) Utilise existing container handling equipment, (c) Fast set up, (d) Estimated maximum throughput levels of 1700TPH. (e) Can act as contingency for conventional ship loader breakdowns, (f) Can be used for Grain, Wood Chip, Coal, Iron Ore, Mineral Sands, Manganese, Copper Concentrates, Scrap Metal and Bagged Material, (g) Lower environmental impact.
- Many ports around Australia & Globally are utilising the RSRBC system to improve efficiency.

For these reasons and based upon other research it would appear that the demand for the RSRBC system is increasing and the benefits of the system will likely produce good resale realisation values. The valuer has concluded that it is reasonable to assume that a willing buyer and willing seller both knowledgeable about the facts would consider all of the above when conducting a transaction and the above information provides reasonable grounds for the opinion of value.

## Independent Valuation Report – IronClad Mining Limited

### Appendix A. Valuation Calculations

Powered Barge	\$AUD
Replacement Cost New (RCN) Converted to \$AUD (no gst)	\$5,725,000
Less Physical Deterioration (PD)	<u>0</u>
Replacement Cost New Less Physical Deterioration	\$5,725,000
Less Functional Obsolescence (FO) 75% of cost of Ramps, cost to cure (Repairs), Motor speed (25%)	- \$1,800,000
RCN Less PD & FO	<u>\$3,925,000</u>
Less assumed Economic Obsolescence (EO) @ 8.7%	<u>- \$340,000</u>
Replacement Cost New Less all depreciation and obsolescence (RCNLD) Rounded	\$3,600,000
<b>Total</b>	<b>\$3,600,000</b>

Powered Barge – Economic Obsolescence Calculations \$USA						
Comps	RCN	Phys Dep % Remaining	Func Obs %	RCNLD	MV	Implied Remaining Econ Obs.
1	\$6,813,000	45%	0%	\$3,065,000	\$2,740,000	10.60%
2	\$5,070,000	87%	0%	\$4,410,000	\$4,090,000	7.26%
3	\$4,090,000	70%	0%	\$2,865,000	\$2,615,000	8.73%
4	\$6,575,000	60%	0%	\$3,950,000	\$3,615,000	8.48%
						/4 = 8.77%
			<b>Total</b>	<b>\$14,290,000</b>	<b>\$13,060,000</b>	<b>8.61%</b>
<b>Conversion to \$AUD</b>						<b>Say 8.7%</b>
<b>Subject</b>	<b>\$5,725,000</b>	<b>0.0%</b>	<b>\$1,800,000</b>	<b>\$3,925,000</b>	<b>\$3,585,000</b>	<b>@ - 8.7%</b>
				<b>Rounded</b>	<b>\$3,600,000</b>	

Research would suggest that powered barge supply is limited which tends to buoy prices and charter rates for better quality barges when they are needed.

The barge's upgrade to self-powered puts the vessel into a class which appears to have very low supply. The absence of ramps does limit the use of the barge and may restrict potential sales to a narrow market purchaser. Functional obsolescence comprising 75% of the cost to install ramps, outstanding repairs & cost to cure of the motor to improve the speed to 8 knots. Economic obsolescence has been applied @ 8.7% as the difference between RCNLD and MV using comparables.

## Independent Valuation Report – IronClad Mining Limited

### Appendix A. Valuation Calculations

80 Person Mining Camp	\$AUD
Replacement Cost New (RCN) (ex-gst)	<b>\$5,050,000</b>
Less Physical Deterioration (PD) @ 3.33% Rounded	<b>- \$170,000</b>
Replacement Cost New Less Physical Deterioration	<b><u>\$4,880,000</u></b>
Less Functional Obsolescence (FO)	<b>\$0</b>
RCN Less PD & FO	<b>\$4,880,000</b>
Less assumed Economic Obsolescence (EO) PV x 2.5i x 3n FV	<b><u>- \$390,000</u></b>
Replacement Cost New Less all depreciation and obsolescence (RCNLD) Rounded	<b>\$4,490,000</b>
<b>(Rounded) Total</b>	<b>\$4,500,000</b>

A minor amount of physical deterioration was observed and this is reflected in the 3.33% depreciation figure. The 3.3% is equivalent to an effective age of 1 year from an estimated 30 year life cycle.

It was concluded that no functional obsolescence was evident as the layout and design appears to be well designed to cater for mining personnel. The symmetrical design appears efficient and the buildings appear well placed to cater for access from personnel.

The camp currently has two CAT XQE250 diesel generators, rated at 250kW, a diesel mobile storage tank and CAT power board which is understood to be on a rental basis. It is understood that all internal electrical wiring has been completed and the installation of heavy duty wiring has been installed for future connection to the grid. As the camp is vacant and the diesel generators are relatively cost effective, no functional obsolescence is likely to be evident. The camp also has a LPG gas tank installed on site.

Economic obsolescence was applied primarily because the mining site is still in the early stages and one can reasonably assume that the fall in iron ore prices could be delaying construction and full production. Without the need of construction and production mining personnel, the camp is not being utilised and not returning a benefit on the initial investment thereby resulting in the camp reducing in value.

It is understood that the camp is 100% paid for by IronClad and not subject to finance, therefore a commercial rate of interest in line with the RBA's base rate of 2.5% has been adopted to accommodate a yearly loss in line with the average CPI.

No evidence of environmental or regulatory penalties was presented to the valuer that would likely reduce the camp's value further.

## Independent Valuation Report – IronClad Mining Limited

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### Appendix A. Valuation Calculations - Summary:

Valuation Summary – Market Value In-Situ	Low Value	Preferred Value	High Value
Dry Magnetic Separators	\$520,000	\$575,000	\$635,000
Ram Spreader Revolving System	\$925,000	\$1,025,000	\$1,037,000
Powered Barge	\$3,290,000	\$3,600,000	\$3,755,000
80 Person Mining Camp	\$4,150,000	\$4,500,000	\$4,725,000
<b>Rounded Totals</b>	<b>\$8,885,000</b>	<b>\$9,700,000</b>	<b>\$10,152,000</b>

## Independent Valuation Report – IronClad Mining Limited

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### Appendix B. Definitions:

#### IVSC Market Value Definition is:

*“The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.*

#### An Expanded Industry Definition is:

*“The price at which plant could change hands between a willing buyer and a willing seller, neither being under any duress to buy or sell and both having reasonable knowledge of relevant facts. It is assumed that the machinery & equipment is being sold to remain in place and in operation, taking advantage of all leasehold and site improvements designed to facilitate its operation, with the seller accurately and completely representing the existing condition and operability of the machinery & equipment to the buyer.”*

**Comment:** The definition of value is “Market Value In-Situ” (sometimes referred to as “Market Value In-Place” or “Fair Market Value Installed”) is essentially an opinion of market value with an assumption that the assets that are being sold to remain in place and in operation, taking advantage of all leasehold and site improvements designed to facilitate its operation, which is consistent with assignments of this nature. All three forms of definition are synonymous with the premise of market value. However, a number of assets have yet to be installed and no consideration of installation costs has been considered unless specifically noted in the analysis.

**Comment:** The Market Value of plant & equipment rests upon the belief that a prudent purchaser would pay no more for an asset or a group of assets than the cost of acquiring an equally desirable substitute in the market. In valuation of plant & equipment, the cost of the substitute(s) often includes the costs to make the asset(s) productive. These costs are sometimes called make-ready costs. Often included in these costs are necessary, associated expenses such as engineering, transportation, installation, design modifications, attachment to utilities, training and start up.

Within the basis of Market Value In-Situ, no consideration has been calculated as to the future, or past economic performance of the assets either as piece meal or as an entire facility. Further, the goodwill of the business has not been taken into consideration when forming opinions of value.

This report of the subject assets should not be construed as representing the “market value” of the assets in the event that the going concern business ceases to exist.

**Sales Comparison Approach** (Market Approach) is defined by the International Valuation Standards Council as;

*‘A valuation approach which provides an indication of value by comparing the subject asset with identical or similar assets for which price information is available’.*

The **Cost Approach** is defined by the International Valuation Standards Council as;

*“A valuation approach based on the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction”.*

## Independent Valuation Report – IronClad Mining Limited

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### **Appendix C. Valuers Qualifications:**

The valuer of the aforementioned valuation report is Mr. John F. A. Mathe of Henley Valuers, PO Box 1127, Flagstaff Hill, SA 5159. John Mathe is a certified practising valuer (P&M) of the Australian Property Institute (API), a practising member of the Society of Auctioneers & Appraisers (SAA), a certified valuer of the Auctioneer & Valuers Association of Australia (AVAA), an Accredited Senior Appraiser (MTS) with the American Society of Appraisers (ASA).

John Mathe has over fourteen years' experience in valuing personal and business assets including plant, equipment, machinery, heavy vehicles, stock, office furniture, boats, caravans and chattels. He regularly produces reports for the Supreme Court of Australia, The Federal Circuit Court of Australia, The District Court of South Australia and acts as an Expert Witness for the courts on a regular basis.

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Appendix D. Photographs Additional:



## Independent Valuation Report – IronClad Mining Limited

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### Appendix D. Photographs Additional:





## Independent Valuation Report – IronClad Mining Limited

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## Independent Valuation Report – IronClad Mining Limited

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## Independent Valuation Report – IronClad Mining Limited

### Appendix F. Letter of Instructions:

	Tel: +61 8 9360 4200 Fax: +61 8 9380 8499 www.bdo.com.au	38 Station Street Subiaco, WA 6008 PO Box 700 West Perth WA 6872 Australia
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Our ref: SA

16 January 2015

John Mathe  
 Henley Valuers  
 PO Box 1127  
 Flagstaff Hill SA 5159

Dear John,

**Valuation of the Assets held by IronClad Mining Limited**

This letter is to confirm our instructions to you with regard to the services we wish you to provide.

We have been engaged by Trafford Resources Limited ('Trafford' or 'the Company') to prepare an Independent Expert's Report ('Our Report') for inclusion with a Scheme Booklet. The Scheme Booklet will address, and our Report will address, the proposal to merge with IronClad Mining Limited ('IronClad'). Our Report will provide an opinion to Trafford shareholders and as such it will be a public document.

We request that you provide us with an independent opinion on the in-situ market valuation of the assets held by IronClad which comprise of a mining camp, a Dry Magnetic Separator, a Rotainer System and a power barge. We advise that we will rely on and refer to your valuation in Our Report, and we will append a copy of your report, or a summary of your report to Our Report. Your report should be prepared in accordance with the International Valuation Standards Committee.

BDO Corporate Finance (WA) Pty Ltd is the commissioning entity and we understand your fees for this work will be agreed with Trafford and payable directly by Trafford and that you will liaise with the Company to obtain the necessary information. All information that you receive from Trafford or us should be treated as being strictly confidential unless it is already in the public domain.

Yours sincerely

**BDO Corporate Finance (WA) Pty Ltd**



Sherif Andrewes  
 Director

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## **Annexure B - Share Scheme of Arrangement**

**Share Scheme of Arrangement**  
pursuant to Section 411 of the Corporations Act

Trafford Resources Limited  
ACN 112 257 299

and

Each Scheme Shareholder



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## Share Scheme of Arrangement

Date 24 December 2014

Parties **Trafford Resources Limited ACN 112 257 299** of Level 2, 679 Murray Street, West Perth, Western Australia (Trafford)

and

Each Scheme Shareholder

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### 1. Definitions and interpretation

#### 1.1 Definitions

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited ACN 008 624 691 or, as the context requires, the financial market operated by it.

**ASX Operating Rules** means the operating rules of ASX Settlement.

**ASX Settlement** means ASX Settlement Pty Ltd ACN 008 504 532.

**Business Day** means a day (other than a Saturday, Sunday or public holiday) on which banks are open for general banking business in Perth, Western Australia.

**CHESS** means the Clearing House Electronic Sub-register System, for the electronic transfer of securities, operated by ASX Settlement.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Court** means the Federal Court of Australia or the Supreme Court of Western Australia or such other court of competent jurisdiction as agreed by IronClad and Trafford in writing.

**Effective Date** means the date on which the Share Scheme becomes Effective.

**Effective** means, when used in relation to the Share Scheme, the coming into effect, under section 411(10) of the Corporations Act, of the orders of the Court made under section 411(4)(b) (and, if applicable, section 411(6)) of the Corporations Act in relation to the Share Scheme.

**Implementation Date** means the fifth Business Day after the Record Date, or such other date as Trafford and IronClad may agree in writing, may be ordered by the Court or may be required by ASX.

**Ineligible Foreign Holder** means a Scheme Shareholder whose address in the Share Register is in a jurisdiction outside Australia and its external territories, New Zealand and Singapore, except where IronClad and Trafford are reasonably satisfied that the issue of New IronClad Shares in that jurisdiction under the Share Scheme would be neither prohibited by law nor unduly onerous.

**IronClad** means IronClad Mining Limited ACN 124 990 405.

**IronClad Register** means the register of members of IronClad maintained by Computershare Limited and **IronClad Registry** has a corresponding meaning.

**IronClad Share** means a fully paid ordinary share in the capital of IronClad.

**Listing Rules** means the listing rules of ASX.

**Merger Implementation Agreement** means the merger implementation agreement dated 24 December 2014 between Trafford and IronClad.

**New IronClad Shares** means those IronClad Shares to be issued (as Scheme Consideration) to (or in respect of) Scheme Shareholders as consideration for their Scheme Shares.

**Option Scheme Meeting** means the meeting of Scheme Optionholders, to be convened by the Court pursuant to section 411(1) of the Corporations Act, to consider and vote on the Option Scheme.

**Option Scheme or Option Scheme of Arrangement** means the scheme of arrangement under Part 5.1 of the Corporations Act between Trafford and the Scheme Optionholders subject to any modifications or conditions made or required by the Court under section 411(6) of the Corporations Act and agreed to by IronClad and Trafford.

**Option Scheme Record Date** means the "Record Date" as defined in the Option Scheme.

**Record Date** means 5.00pm on the fifth Business Day after the Effective Date, or any other date agreed by Trafford and IronClad.

**Registered Address** means, in relation to a Scheme Shareholder, the address of the Scheme Shareholder shown in the Share Register.

**Sale Agent** means the person chosen by Trafford and IronClad and (if necessary) approved by ASIC to sell the New IronClad Shares that are attributable to Ineligible Foreign Holders under the terms of this Share Scheme (or any nominee of such person).

**Scheme Options** means the 25,700,963 Trafford Options on issue and quoted on ASX, with an exercise price of \$0.20 each and expiring on 20 May 2015.

**Scheme Optionholder** means each person recorded in the register of optionholders of Trafford as a holder of Scheme Options as at the Option Scheme Record Date.

**Scheme Shareholder** means each person who is registered in the Share Register as a holder of Scheme Shares as at the Record Date.

**Scheme Shares** means the Trafford Shares on issue as at the Record Date.

**Second Court Date** means the first day of the Second Court Hearing, or if the application at such hearing is adjourned or subject to an appeal for any reason, the first day on which the adjourned or appealed application is heard.

**Second Court Hearing** means the hearing of the Court of the application for an order pursuant to section 411(4)(b) of the Corporations Act approving this Share Scheme.

**Share Register** means the register of Trafford members maintained by Advanced Share Registry Services and Share Registry has a corresponding meaning.

**Share Scheme Consideration** means the consideration to be provided by IronClad to Scheme Shareholders for the transfer of their Scheme Shares under the terms of the Share Scheme, being 1 New IronClad Share for every 1 Scheme Share.

**Share Scheme Deed Poll** means the deed poll executed by IronClad on or about 24 December 2014 in favour of each Scheme Shareholder as set out in Annexure A.

**Share Scheme Meeting** means the meeting of Scheme Shareholders, to be convened by the Court pursuant to section 411(1) of the Corporations Act, to consider and vote on the Share Scheme.

**Share Scheme or Share Scheme of Arrangement** means the scheme of arrangement under Part 5.1 of the Corporations Act recorded in this document subject to any modifications or conditions made or required by the Court under section 411(6) of the Corporations Act.

**Shareholder** means a holder of a Trafford Share.

**Subsidiary** of an entity means another entity which is a subsidiary of the first within the meaning of Division 6 of Part 1.2 of the Corporations Act or is a subsidiary or otherwise controlled by the first within the meaning of any approved accounting standard.

**Sunset Date** means 31 July 2015 or such date as extended by agreement between Trafford and IronClad.

**Trafford** means Trafford Resources Limited ACN 112 257 299.

**Trafford Option** means an option to subscribe for a Trafford Share.

**Trafford Share** means a fully paid ordinary share in Trafford.

## 1.2 Interpretation

In this Share Scheme:

- (a) headings are for convenience only and do not affect interpretation; and
- (b) unless the context indicates otherwise:
  - (i) a word or phrase in the singular number includes the plural, a word or phrase in the plural number includes the singular, and a word indicating a gender includes every other gender;
  - (ii) if a word or phrase is given a defined meaning, any other part of speech or grammatical form of that word or phrase has a corresponding meaning;
  - (iii) a reference to:
    - (A) a clause or schedule is a reference to a clause or schedule of this Scheme;
    - (B) a party includes that party's executors, administrators, successors and permitted assigns, including persons taking by way of novation;
    - (C) a document in writing includes a document produced by means of typewriting, printing, lithography, photography and other modes of representing or reproducing words in a visible form, recorded by any electronic, magnetic, photographic or other medium by which information may be stored or reproduced;
    - (D) a document (including this Scheme) includes a reference to all schedules, exhibits, attachments and annexures to it, and is to that document as varied, novated, ratified or replaced from time to time;
    - (E) legislation or to a provision of legislation includes any consolidation, amendment, re-enactment, substitute or replacement of or for it, and refers also to any regulation or statutory instrument issued or delegated legislation made under it;
    - (F) a person includes an individual, the estate of an individual, a corporation, an authority, an unincorporated body, an association or joint venture (whether incorporated or unincorporated), a partnership and a trust;
- (c) a reference to a day is to a period of time commencing at midnight and ending twenty four (24) hours later;
- (d) a reference to a Chapter, Part, Division or section is a reference to a Chapter, Part, Division or section of the Corporations Act;
- (e) the word "includes" in any form is not a word of limitation;
- (f) a reference to "information" is to information of any kind in any form or medium, whether formal or informal, written or unwritten, for example, computer software or programmes, concepts, data, drawings, ideas, knowledge, procedures, source codes or object codes, technology or trade secrets;
- (g) the words "entity" and "officer" have the same meaning as in section 9 of the Corporations Act, and "control" has the same meaning as in section 50AA of the Corporations Act;
- (h) time is a reference to time in Perth, Western Australia;
- (i) a reference to "\$" or "dollar" is to Australian currency;

- (j) a contravention of or a breach of any of the representations and warranties includes any of the representations and warranties not being complete, true and correct;
- (k) each representation and warranty is a separate representation and warranty, and its meaning is not affected by any other representation or warranty;
- (l) a period of time dates from a given day or the day of an act or event, it is to be calculated exclusive of that day; and
- (m) when a day on or by which anything to be done is not a Business Day, that thing may be done on or by the next Business Day.

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## **2. Preliminary**

### **2.1 Trafford**

- (a) Trafford is a public company limited by shares, incorporated in Australia and registered in Western Australia.
- (b) As at the date of this document:
  - (i) 124,866,562 Trafford Shares were on issue;
  - (ii) 25,700,963 quoted Trafford Options were on issue, exercisable at \$0.25 each on or before 20 May 2015;
  - (iii) 8,687,174 quoted Trafford Options were on issue, exercisable at \$0.10 each on or before 16 February 2015; and
  - (iv) 3,786,500 performance rights convertible into ordinary fully paid shares in Trafford were on issue.
- (c) Trafford has been admitted to the official list of ASX and its shares have been granted official quotation.

### **2.2 IronClad**

- (a) IronClad is a public company limited by shares, incorporated in Australia and registered in Western Australia.
- (b) As at the date of this document, 108,203,871 IronClad Shares were on issue.
- (c) IronClad has been admitted to the official list of ASX and its shares have been granted official quotation.

### **2.3 Share Scheme summary**

If this Share Scheme becomes Effective, then:

- (a) in consideration for the transfer of each Scheme Share to IronClad, IronClad will be obliged to provide the Share Scheme Consideration to each Scheme Shareholder (other than Ineligible Foreign Holders who will be dealt with in accordance with clause 4.9);
- (b) each Scheme Shareholder will be bound to transfer their Scheme Shares, and all rights and obligations attaching to them as at the Implementation Date, to IronClad and Trafford will enter IronClad's name and registered address in the Share Register as the holder of all Scheme Shares; and
- (c) on the transfer of all Scheme Shares to IronClad, Trafford will become a wholly owned Subsidiary of IronClad.

## 2.4 Implementation

- (a) IronClad has entered into the Share Scheme Deed Poll pursuant to which it has, among other things, covenanted to carry out its obligations (including its obligation to provide the Share Scheme Consideration, subject to clause 4.9 of this Share Scheme, to Scheme Shareholders) as contemplated by this Share Scheme.
- (b) Trafford and IronClad have also entered into the Merger Implementation Agreement, which sets out the terms on which Trafford and IronClad have agreed to implement the Scheme.

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## 3. Conditions precedent and effectiveness

### 3.1 Conditions precedent

The conditions precedent to this Share Scheme becoming Effective are:

- (a) **(Share Scheme approval)** this Share Scheme being approved, in accordance with section 411(4)(a) of the Corporations Act, at the Share Scheme Meeting;
- (b) **(Option Scheme approval)** the Option Scheme being approved, in accordance with section 411(4)(a) of the Corporations Act, at the Option Scheme Meeting;
- (c) **(conditions precedent to Merger Implementation Agreement)** all of the conditions set out in clause 2.2 of the Merger Implementation Agreement (other than the conditions set out in clauses 2.2(e) and 2.2(f)) being satisfied or waived in accordance with the terms of the Merger Implementation Agreement by the times indicated in the Merger Implementation Agreement;
- (d) **(no termination)** the Merger Implementation Agreement or Share Scheme Deed Poll not being terminated prior to 8.00am on the Second Court Date;
- (e) **(Court approval)** the approval by the Court of this Share Scheme, pursuant to section 411(4)(b) of the Corporations Act, being given;
- (f) **(ASIC lodgement)** the lodgement with ASIC of an office copy of the Court order approving the Share Scheme under section 411(4)(b) of the Corporations Act;
- (g) **(Court conditions)** such other conditions made or required by the Court under section 411(6) of the Corporations Act in relation to the Share Scheme as are acceptable to IronClad and Trafford being satisfied;
- (h) **(Court approval of Option Scheme)** the approval by the Court of the Option Scheme, pursuant to section 411(4)(b) of the Corporations Act, being given;
- (i) **(ASIC lodgement)** the lodgement with ASIC of an office copy of the Court order approving the Option Scheme under section 411(4)(b) of the Corporations Act; and
- (j) **(Court conditions for Option Scheme)** such other conditions made or required by the Court under section 411(6) of the Corporations Act in relation to the Option Scheme as are acceptable to IronClad and Trafford being satisfied.

The satisfaction of each of paragraphs (a), (c), (d), (e),(f) and (g) of this clause 3.1 is a condition precedent to the operation of this Share Scheme and this Share Scheme will be of no effect unless these conditions precedent are satisfied. The conditions precedent in paragraphs 3.1(b), (h), 3.1(i) and (j) may be waived in IronClad's absolute discretion and this Share Scheme will be of no effect unless these conditions precedent are satisfied or waived.

### 3.2 Certificate

IronClad and Trafford will provide to the Court at the Second Court Hearing a certificate confirming:

- (a) whether or not all of the conditions in clause 2.2 of the Merger Implementation Agreement (other than those set out in clauses 2.2(e) and (f) of the Merger Implementation Agreement)

have been satisfied or waived in accordance with the terms of the Merger Implementation Agreement; and

- (b) the Merger Implementation Agreement and the Share Scheme Deed Poll have not been terminated in accordance with their terms.

Such certificate constitutes conclusive evidence that those conditions are satisfied, waived or taken to be waived.

### **3.3 Merger Implementation Agreement**

If the Merger Implementation Agreement is terminated in accordance with its terms prior to 8.00am on the Second Court Date, IronClad and Trafford are each immediately released from any further obligation to take steps to implement the Share Scheme.

### **3.4 Sunset Date**

This Share Scheme will lapse and be of no further force or effect if the Effective Date has not occurred on or before the Sunset Date.

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## **4. Implementation of the Share Scheme**

### **4.1 Court order**

This Share Scheme will become binding on Trafford and each Scheme Shareholder if and only if the Court makes an order under section 411(4)(b) of the Corporations Act approving this Share Scheme and that order becomes effective under section 411(10) of the Corporations Act.

### **4.2 Lodgement with ASIC**

Trafford will lodge with ASIC an office copy of the order of the Court made under section 411(4)(b) of the Corporations Act approving this Share Scheme as soon as practicable and, in any event, by 5.00pm on the first Business Day after:

- (a) the Court approves the Share Scheme; or
- (b) the date of satisfaction of the conditions precedent referred to in clause 3.1 of this Share Scheme,

whichever is the later.

### **4.3 Transfer of Scheme Shares**

Subject to clause 4.4, all of the Scheme Shares (together with all rights and entitlements attaching to the Scheme Shares) will be transferred to IronClad on the Implementation Date (without the need for any further act by a Scheme Shareholder other than acts performed by Trafford pursuant to the authority in clause 4.10) by Trafford effecting a valid transfer or transfers under section 1074D of the Corporations Act or, if that procedure is not available for any reason, by:

- (a) Trafford executing and delivering to IronClad, pursuant to the authority in clause 4.10, a valid share transfer form or forms (which may be a master transfer) to transfer all of the Scheme Shares to IronClad;
- (b) IronClad executing and delivering that share transfer form or those forms to Trafford; and
- (c) Trafford, immediately upon receipt of the executed share transfer form or forms, entering the name and address of IronClad in the Share Register as the holder of all Scheme Shares.

### **4.4 Consideration under this Share Scheme**

Subject to and in accordance with the other terms and conditions of this Share Scheme, in consideration for the transfer of each Scheme Share to IronClad, IronClad will on the Implementation Date issue to each Scheme Shareholder the number of New IronClad Shares as are due to that Scheme Shareholder as Share Scheme Consideration.



#### **4.5 Joint holders**

In the case of Scheme Shares held in joint names, any certificates or uncertificated holding statements for New IronClad Shares to be issued to Share Scheme Shareholders will be issued in the names of the joint holders and will be forwarded to the holder whose name appears first in the Share Register on the Record Date.

#### **4.6 Fractional entitlements**

Where the calculation of the total number of New IronClad Shares to be issued to (or in respect of) a particular Share Scheme Shareholder would result in a fractional entitlement to a New IronClad Share, then, any such fractional entitlement:

- (a) if to less than 0.5 of a New IronClad Share, will be rounded down to the nearest whole number of New IronClad Shares; and
- (b) if to 0.5 or more of a New IronClad Share, will be rounded up to the nearest whole number of New IronClad Shares.

#### **4.7 Shareholding splitting or division**

- (a) If IronClad is of the reasonable opinion that two or more Scheme Shareholders (each of whom holds a number of Scheme Shares which results in rounding in accordance with clause 4.6) have, before the Record Date, been party to shareholding splitting or division in an attempt to obtain unfair advantage by reference to such rounding, IronClad may give notice to those Scheme Shareholders:

- (i) setting out their names and Registered Addresses;
- (ii) stating that opinion; and
- (iii) attributing to one of them specifically identified in the notice the Scheme Shares held by all of them,

and, after such notice has been given, the Scheme Shareholder specifically identified in the notice as the deemed holder of all the specified Scheme Shares will, for the purposes of the other provisions of this Share Scheme, be taken to hold all of those Scheme Shares and each of the other Scheme Shareholders whose names and Registered Addresses are set out in the notice will, for the purposes of the other provisions of this Share Scheme, be taken to hold no Scheme Shares.

- (b) IronClad, in complying with the other provisions of this Share Scheme relating to it in respect of the Scheme Shareholder specifically identified in the notice as the deemed holder of all the specified Scheme Shares, will be taken to have satisfied and discharged its obligations to the other Scheme Shareholders named in the notice under the terms of this Share Scheme.

#### **4.8 Scheme Shareholders bound**

Each Scheme Shareholder who is to receive New IronClad Shares under this Share Scheme agrees (for all purposes including section 231 of the Corporations Act) to:

- (a) become a member of IronClad and to accept the New IronClad Shares issued to them under this Share Scheme subject to, and to be bound by, IronClad's constitution and other constituent documents; and
- (b) have their name and address entered into the IronClad Register.

#### **4.9 Ineligible Foreign Holders**

- (a) IronClad will be under no obligation under this Share Scheme to issue, and will not issue, any New IronClad Shares to Ineligible Foreign Holders, and instead:
  - (i) all the New IronClad Shares which would otherwise be required to be issued to any Ineligible Foreign Holder under the Share Scheme, if they were eligible to receive them, will be issued to the Sale Agent;

- (ii) IronClad will procure that, as soon as reasonably practicable (and in any event not more than 15 Business Days after the Implementation Date), the Sale Agent sells on ASX all of the New IronClad Shares issued to the Sale Agent pursuant to clause 4.9(a)(i) in such manner, at such price and on such other terms as the Sale Agent determines in good faith (and at the risk of the Ineligible Foreign Holders), and remits to IronClad the proceeds of sale (after deducting any applicable brokerage and other selling costs, taxes and charges) (**Proceeds**); and
- (iii) IronClad will pay to each Ineligible Foreign Holder such fraction of the Proceeds as is equal to the number of New IronClad Shares which would have been issued to that Ineligible Foreign Holder (if they were eligible to receive New IronClad Shares) divided by the total number of New IronClad Shares issued to the Sale Agent under clause 4.9(a)(i), promptly after the last sale of New IronClad Shares by the Sale Agent,

in full satisfaction of IronClad's obligations to those Ineligible Foreign Holders under the Share Scheme in respect of the Share Scheme Consideration.

- (b) IronClad will pay the relevant fraction of the Proceeds to each Ineligible Foreign Holder by either:
  - (i) dispatching, or procuring the dispatch, to that Ineligible Foreign Holder by prepaid post to that Ineligible Foreign Holder's Registered Address (at the Record Date), a cheque in the name of that Ineligible Foreign Holder; or
  - (ii) making a deposit in an account with any ADI (as defined in the Banking Act 1959 (Cth)) in Australia notified by that Ineligible Foreign Holder to Trafford (or the Share Registry) and recorded in or for the purposes of the Share Register at the Record Date,

for the relevant amount, with that amount being denominated in Australian dollars.

- (c) Each Ineligible Foreign Holder appoints Trafford as its agent to receive on its behalf any financial services guide or other notices (including any updates of those documents) that the Sale Agent is required to provide to Ineligible Foreign Holders under the Corporations Act.

#### **4.10 Authority given to Trafford**

- (a) Each Scheme Shareholder will be deemed (without the need for any further act) to have irrevocably appointed Trafford (and each of its directors and officers, jointly and severally) as agent and attorney to do and execute all acts, matters, things and documents on the part of each Scheme Shareholder necessary to implement and give full effect to this Share Scheme and the transactions contemplated by it, including (without limitation):
  - (i) executing a proper instrument of transfer (including for the purposes of section 1071B of the Corporations Act) of their Scheme Shares in favour of IronClad, which may be a master transfer of some or all Scheme Shares; and
  - (ii) where Scheme Shares are held in a CHESS holding, causing a message to be transmitted to ASX Settlement in accordance with the ASX Operating Rules to transfer the Scheme Shares held by the Scheme Shareholder from the CHESS sub-register to the issuer sponsored sub-register operated by Trafford and subsequently completing a proper instrument of transfer under paragraph (a) above.
- (b) Trafford accepts each such appointment and, as attorney and agent of each Scheme Shareholder, may sub-delegate its functions, authorities or powers under clause 4.10(a) to all or any of its directors, officers or employees (jointly, severally or jointly and severally).

#### **4.11 Appointment of sole proxy**

Upon the Share Scheme Consideration being issued by IronClad pursuant to this clause 4 and until Trafford registers IronClad as the holder of all Scheme Shares in the Share Register, each Scheme Shareholder:

- (a) is deemed to have appointed IronClad as attorney and agent (and directed IronClad in such capacity) to appoint the chairman of IronClad as its sole proxy and, where applicable, corporate representative, to attend shareholders' meetings, exercise the votes attaching to

the Scheme Shares registered in their name and sign any shareholders' resolution, and no Scheme Shareholder may itself attend or vote at any of those meetings or sign any resolutions, whether in person, by proxy or by corporate representative (other than pursuant to this clause 4.11(a));

- (b) acknowledges and agrees that in exercising the powers referred to in clause 4.11(a), IronClad or a director of IronClad may act in the best interests of IronClad as the intended registered holder of the Scheme Shares; and
- (c) must take all other actions in the capacity of a registered holder of Scheme Shares as IronClad reasonably directs.

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## **5. IronClad's obligations and ancillary matters**

### **5.1 Trafford notice and Scheme Shareholder consent**

- (a) As soon as practicable after the Record Date, and in any event at least 2 Business Days before the Implementation Date, Trafford will give to IronClad (or procure that IronClad be given) details of the names and addresses shown in the Share Register of all Scheme Shareholders and the number of Scheme Shares held by each of them at the Record Date (in such form as may be reasonably requested by IronClad).
- (b) Scheme Shareholders agree that any information referred to in clause 5.1(a) may be disclosed to IronClad, IronClad's advisors, Trafford's advisors and other service providers (including the IronClad Registry) to the extent necessary to effect the Share Scheme.

### **5.2 Provision of Share Scheme Consideration**

Subject to clauses 4.6, 4.7 and 4.9, IronClad will provide to each Scheme Shareholder the Share Scheme Consideration to which that Scheme Shareholder is entitled by:

- (a) on the Implementation Date, issuing to that Scheme Shareholder 1 New IronClad Share for every 1 Scheme Share registered in the name of that Scheme Shareholder in the Share Register at the Record Date, which obligation will be satisfied by causing the name and Registered Address (at the Record Date) of that Scheme Shareholder to be entered into the IronClad Register as the holder of the New IronClad Shares issued to that Scheme Shareholder; and
- (b) within 5 Business Days after the Implementation Date, procuring the dispatch to that Scheme Shareholder of a certificate or uncertificated holding statement in the name of that Scheme Shareholder relating to the number of New IronClad Shares issued to that Scheme Shareholder.

### **5.3 Status of New IronClad Shares**

The New IronClad Shares to be issued in accordance with this Share Scheme will:

- (a) be validly issued;
- (b) be fully paid; and
- (c) rank equally in all respects with all other IronClad Shares then on issue (other than in respect of any dividend already declared and not yet paid by IronClad, where the record date for entitlement to that dividend occurred prior to the Implementation Date).

### **5.4 Deferred settlement trading**

IronClad will use its best endeavours to ensure that the New IronClad Shares are quoted on ASX as soon as practicable after the Effective Date, initially on a deferred settlement basis and thereafter on an ordinary settlement basis.

### **5.5 Appointment of IronClad as attorney and agent**

Each Scheme Shareholder, without need for any further act, irrevocably appoints IronClad and each of its directors and officers, jointly and severally, as that Scheme Shareholder's attorney and agent for the

purpose of executing any form of application required for New IronClad Shares to be issued to that Scheme Shareholder under the Share Scheme.

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## **6. Dealings in Trafford Shares**

### **6.1 No allotment or issue**

No Trafford Shares will be allotted or issued by Trafford after the Effective Date and before the Implementation Date.

### **6.2 No dealings after Record Date**

Where this Share Scheme becomes binding as provided by clause 4.1, for the purposes of determining who are Scheme Shareholders, dealings in Trafford Shares will only be recognised if:

- (a) in the case of dealings of a type to be effected using CHESSE, the transferee is registered in the Share Register as the holder of the Trafford Shares by the Record Date; and
- (b) in all other cases, registrable transfers or transmission applications in respect of those dealings are received by the Share Registry by the Record Date.

Trafford will register registrable transfers or transmission applications of the kind referred to in clause 6.2(b) on or before the Record Date.

### **6.3 No registration of transfers**

Trafford will not accept for registration nor recognise for any purpose any transmission application, transfer or other dealing in respect of Scheme Shares received after the Record Date, other than a transfer to IronClad in accordance with this Share Scheme.

### **6.4 Statements of holding**

All statements of holdings (or certificates) for Scheme Shares will cease to have any effect from the Record Date as documents of title in respect of such Scheme Shares. As from the Record Date, each entry current at that date on the Share Register relating to Scheme Shares will cease to be of any effect other than as evidence of entitlement to the Share Scheme Consideration.

### **6.5 Maintenance of Share Register**

In order to determine entitlements to the Share Scheme Consideration, Trafford will maintain, or procure the maintenance of, the Share Register in accordance with this clause 6 until the Share Scheme Consideration has been provided to Scheme Shareholders, and the Share Register in this form will solely determine entitlements to the Share Scheme Consideration.

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## **7. Quotation of Trafford Shares**

### **7.1 Suspension of trading**

Trafford will apply to ASX for suspension of trading of Trafford Shares on ASX after the close of trading on ASX on the Effective Date. It is anticipated that suspension of trading in Trafford Shares will occur from the commencement of the Business Day following the day on which Trafford notifies ASX of this Share Scheme becoming Effective.

### **7.2 Termination of quotation**

After the Implementation Date, Trafford will apply for termination of the official quotation of Trafford Shares and to have itself removed from the official list of ASX.

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## **8. General**

### **8.1 Share Scheme binding**

Each Scheme Shareholder will transfer their Scheme Shares to IronClad (together with all rights and entitlements attaching to those Scheme Shares) in accordance with the terms of this Share Scheme and this Share Scheme binds Trafford and all Scheme Shareholders (including those who do not attend the

Share Scheme Meeting, do not vote at the Share Scheme Meeting, or vote against this Share Scheme at the Share Scheme Meeting) and, to the extent of any inconsistency, this Share Scheme overrides the constitution of Trafford.

## **8.2 Enforcement of Share Scheme Deed Poll**

- (a) Each Scheme Shareholder appoints Trafford as its agent and attorney to enforce the Share Scheme Deed Poll against IronClad.
- (b) Trafford undertakes in favour of each Scheme Shareholder to enforce the Share Scheme Deed Poll against IronClad on behalf of, and as agent and attorney for, the Scheme Shareholders.

## **8.3 Modifications and amendments**

Trafford may by its counsel or solicitors (but only with the prior consent of IronClad, which consent may not be unreasonably withheld or delayed) consent on behalf of all persons concerned (including the Scheme Shareholders) to any modification of, or amendment to, or the making or imposition by the Court of any condition in respect of this Share Scheme.

## **8.4 Accidental omissions and non-receipt of notice**

The accidental omission to give notice of the Share Scheme Meeting to any holder of Trafford Shares or the non-receipt of such a notice by any holder of Trafford Shares will not, unless so ordered by the Court, invalidate the Share Scheme Meeting or the proceedings at the Share Scheme Meeting.

## **8.5 Status of Scheme Shares**

- (a) Each Scheme Shareholder is deemed to have warranted to Trafford, in its own right and for the benefit of IronClad, that all of their Scheme Shares which are transferred to IronClad under the Share Scheme will, at the date of transfer of them to IronClad, be fully paid and free from all mortgages, charges, liens, encumbrances and interests of third parties of any kind, and that they have full power and capacity to sell and to transfer their Scheme Shares to IronClad.
- (b) IronClad will be beneficially entitled to the Scheme Shares transferred to it under this Share Scheme pending registration by Trafford of the name and registered address of IronClad in the Share Register as the holder of the Scheme Shares.

## **8.6 Binding instruction or notification**

Except for a Scheme Shareholder's tax file number, any binding instruction or notification from a Scheme Shareholder to Trafford relating to Scheme Shares at the Record Date (including any instructions relating to the payment of dividends or communications) will, from the Record Date, be deemed (except to the extent inconsistent with the other provisions of this Share Scheme or as determined otherwise by IronClad in its sole discretion) to be a similarly binding instruction or notification to IronClad in respect of the New IronClad Shares issued to the Scheme Shareholder until such time as it is revoked or amended in writing addressed to IronClad at the IronClad Registry.

## **8.7 Notices**

Each communication (including each notice, transfer, transmission application, direction or other communication) under or in connection with this Share Scheme:

- (a) must be in writing;
- (b) must be addressed to:
  - (i) in the case of Trafford - Trafford's registered office or the Share Registry; and
  - (ii) in the case of Scheme Shareholders - the Registered Address of the relevant Scheme Shareholder at the Record Date;
- (c) must be signed by the sender or (on that sender's behalf) by the solicitor for or any attorney, director, secretary or authorised agent of that sender;

- (d) must be delivered by hand or posted by prepaid post (or by airmail in the case of Scheme Shareholders with overseas Registered Addresses) to the address of the addressee in accordance with clause (b); and
- (e) is taken to be received by the addressee:
  - (i) where the addressee is Trafford and the communication is sent by prepaid post, on the day it is actually received at Trafford's registered office or the Share Registry; and
  - (ii) in all other cases, by the addressee:
    - (A) (in the case of prepaid post sent to an address in the same country) on the third day after the date of posting;
    - (B) (in the case of prepaid post sent to an address in another country) on the fifth day after the date of posting;
    - (C) (in the case of delivery by hand) on delivery,

but if the communication would, on the application of clauses (A) to (C), be taken to be received on a day that is not a Business Day or after 5.00pm on a Business Day, it is taken to be received at 9.00am on the next Business Day.

#### **8.8 Further obligations**

Trafford and IronClad must each execute all deeds and other documents (including transfers) and do all acts and things as may be necessary or expedient on its part to implement and give full effect to this Share Scheme in accordance with its terms.

#### **8.9 No liability**

Neither Trafford nor IronClad, nor any of their respective officers, is liable to Scheme Shareholders for anything done or for anything omitted to be done in performance of this Share Scheme in good faith.

#### **8.10 Costs and stamp duty**

Trafford will pay the costs of the Share Scheme other than duty. All duty (if any) payable and any related fines, interest and penalties in connection with the transfer of the Scheme Shares to IronClad will be payable by IronClad.

#### **8.11 Governing law**

This Share Scheme is governed by and must be construed according to the laws applying in Western Australia.

#### **8.12 Jurisdiction**

Trafford, Scheme Shareholders and IronClad each submit to the non-exclusive jurisdiction of the courts exercising jurisdiction in Western Australia, and any court that may hear appeals from any of those courts, for any proceedings in connection with this document, and waive any right they might have to claim that those courts are an inconvenient forum.

## **Annexure C - Option Scheme of Arrangement**



**Option Scheme of Arrangement**  
pursuant to Section 411 of the Corporations Act

Trafford Resources Limited  
ACN 112 257 299

and

Each Scheme Optionholder



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## Option Scheme of Arrangement

Date 24 December 2014

Parties **Trafford Resources Limited ACN 112 257 299** of Level 2, 679 Murray Street, West Perth, Western Australia (**Trafford**)

and

Each Scheme Optionholder

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### 1. Definitions and interpretation

#### 1.1 Definitions

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited ACN 008 624 691 or, as the context requires, the financial market operated by it.

**ASX Operating Rules** means the operating rules of ASX Settlement.

**ASX Settlement** means ASX Settlement Pty Ltd ACN 008 504 532.

**Business Day** means a day (other than a Saturday, Sunday or public holiday) on which banks are open for general banking business in Perth, Western Australia.

**CHESS** means the Clearing House Electronic Sub-register System, for the electronic transfer of securities, operated by ASX Settlement.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Court** means the Federal Court of Australia or the Supreme Court of Western Australia or such other court of competent jurisdiction as agreed by IronClad and Trafford in writing.

**Effective Date** means the date on which the Option Scheme becomes Effective.

**Effective** means, when used in relation to the Option Scheme, the coming into effect, under section 411(10) of the Corporations Act, of the orders of the Court made under section 411(4)(b) (and, if applicable, section 411(6)) of the Corporations Act in relation to the Option Scheme.

**Implementation Date** means the fifth Business Day after the Record Date, or such other date as Trafford and IronClad may agree in writing, may be ordered by the Court or may be required by ASX.

**IronClad** means IronClad Mining Limited ACN 124 990 405.

**IronClad Option** means an option to subscribe for an IronClad Share.

**IronClad Register** means the register of members of IronClad maintained by Advanced Share Registry Services and **IronClad Registry** has a corresponding meaning.

**IronClad Share** means a fully paid ordinary share in the capital of IronClad.

**Listing Rules** means the listing rules of ASX.

**Merger Implementation Agreement** means the merger implementation agreement dated 24 December 2014 between Trafford and IronClad.

**New IronClad Options** means those IronClad Options to be issued (as Option Scheme Consideration) to (or in respect of) Scheme Optionholders as consideration for their Scheme Options.

**Option Register** means the register of Trafford members maintained by Advanced Share Registry Services and **Option Registry** has a corresponding meaning.

**Option Scheme Consideration** means the consideration to be provided by IronClad to Scheme Optionholders for the transfer of their Scheme Options under the terms of the Option Scheme, being 1 New IronClad Option for every 1 Scheme Option on the terms and conditions set out in Schedule 1.

**Option Scheme Deed Poll** means the deed poll executed by IronClad on or about 24 December 2014 in favour of each Scheme Optionholder as set out in Annexure A.

**Option Scheme Meeting** means the meeting of Scheme Optionholders, to be convened by the Court pursuant to section 411(1) of the Corporations Act, to consider and vote on the Option Scheme.

**Option Scheme** or **Option Scheme of Arrangement** means the scheme of arrangement under Part 5.1 of the Corporations Act recorded in this document subject to any modifications or conditions made or required by the Court under section 411(6) of the Corporations Act.

**Optionholder** means a holder of a Trafford Option.

**Record Date** means 5.00pm on the fifth Business Day after the Effective Date, or any other date agreed by Trafford and IronClad.

**Registered Address** means, in relation to a Scheme Optionholder, the address of the Scheme Optionholder shown in the Option Register.

**Scheme Optionholder** means each person who is registered in the Option Register as a holder of Scheme Options as at the Record Date.

**Scheme Options** means the 25,700,963 Trafford Options on issue and quoted on ASX, with an exercise price of \$0.20 each and expiring on 20 May 2015.

**Scheme Shareholder** means each person, other than IronClad, recorded in the register of members of Trafford as at the Share Scheme Record Date.

**Second Court Date** means the first day of the Second Court Hearing, or if the application at such hearing is adjourned or subject to an appeal for any reason, the first day on which the adjourned or appealed application is heard.

**Second Court Hearing** means the hearing of the Court of the application for an order pursuant to section 411(4)(b) of the Corporations Act approving this Option Scheme.

**Share Scheme Meeting** means the meeting of Shareholders, to be convened by the Court pursuant to section 411(1) of the Corporations Act, to consider and vote on the Share Scheme.

**Share Scheme** or **Share Scheme of Arrangement** means the scheme of arrangement under Part 5.1 of the Corporations Act between Trafford and the Scheme Shareholders subject to any modifications or conditions made or required by the Court under section 411(6) of the Corporations Act and agreed to by IronClad and Trafford.

**Share Scheme Record Date** means the "Record Date" as defined in the Share Scheme.

**Shareholder** means a holder of a Trafford Share.

**Subsidiary** of an entity means another entity which is a subsidiary of the first within the meaning of Division 6 of Part 1.2 of the Corporations Act or is a subsidiary or otherwise controlled by the first within the meaning of any approved accounting standard.

**Sunset Date** means 31 July 2015 or such date as extended by agreement between Trafford and IronClad.

**Trafford** means Trafford Resources Limited ACN 112 257 299.

**Trafford Option** means an option to subscribe for a Trafford Share.

**Trafford Share** means a fully paid ordinary share in Trafford.

## 1.2 Interpretation

In this Option Scheme:

- (a) headings are for convenience only and do not affect interpretation; and
- unless the context indicates otherwise:
- (b) a word or phrase in the singular number includes the plural, a word or phrase in the plural number includes the singular, and a word indicating a gender includes every other gender;
- (c) if a word or phrase is given a defined meaning, any other part of speech or grammatical form of that word or phrase has a corresponding meaning;
- (d) a reference to:
- (i) a clause or schedule is a reference to a clause or schedule of this Scheme;
  - (ii) a party includes that party's executors, administrators, successors and permitted assigns, including persons taking by way of novation;
  - (iii) a document in writing includes a document produced by means of typewriting, printing, lithography, photography and other modes of representing or reproducing words in a visible form, recorded by any electronic, magnetic, photographic or other medium by which information may be stored or reproduced;
  - (iv) a document (including this Scheme) includes a reference to all schedules, exhibits, attachments and annexures to it, and is to that document as varied, novated, ratified or replaced from time to time;
  - (v) legislation or to a provision of legislation includes any consolidation, amendment, re-enactment, substitute or replacement of or for it, and refers also to any regulation or statutory instrument issued or delegated legislation made under it;
  - (vi) a person includes an individual, the estate of an individual, a corporation, an authority, an unincorporated body, an association or joint venture (whether incorporated or unincorporated), a partnership and a trust;
- (e) a reference to a day is to a period of time commencing at midnight and ending twenty four (24) hours later;
- (f) a reference to a Chapter, Part, Division or section is a reference to a Chapter, Part, Division or section of the Corporations Act;
- (g) the word "includes" in any form is not a word of limitation;
- (h) a reference to "information" is to information of any kind in any form or medium, whether formal or informal, written or unwritten, for example, computer software or programmes, concepts, data, drawings, ideas, knowledge, procedures, source codes or object codes, technology or trade secrets;
- (i) the words "entity" and "officer" have the same meaning as in section 9 of the Corporations Act, and "control" has the same meaning as in section 50AA of the Corporations Act;
- (j) time is a reference to time in Perth, Western Australia;
- (k) a reference to "\$" or "dollar" is to Australian currency;

- (l) a contravention of or a breach of any of the representations and warranties includes any of the representations and warranties not being complete, true and correct;
- (m) each representation and warranty is a separate representation and warranty, and its meaning is not affected by any other representation or warranty;
- (n) a period of time dates from a given day or the day of an act or event, it is to be calculated exclusive of that day; and
- (o) when a day on or by which anything to be done is not a Business Day, that thing may be done on or by the next Business Day.

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## **2. Preliminary**

### **2.1 Trafford**

- (a) Trafford is a public company limited by shares, incorporated in Australia and registered in Western Australia.
- (b) As at the date of this document:
  - (i) 124,866,562 Trafford Shares were on issue;
  - (ii) 25,700,963 quoted Trafford Options were on issue, exercisable at \$0.25 each on or before 20 May 2015;
  - (iii) 8,687,174 quoted Trafford Options were on issue, exercisable at \$0.10 each on or before 16 February 2015; and
  - (iv) 3,786,500 performance rights convertible into ordinary fully paid shares in Trafford were on issue.
- (c) Trafford has been admitted to the official list of ASX and its shares have been granted official quotation.

### **2.2 IronClad**

- (a) IronClad is a public company limited by shares, incorporated in Australia and registered in Western Australia.
- (b) As at the date of this document, 108,203,871 IronClad Shares were on issue.
- (c) IronClad has been admitted to the official list of ASX and its shares have been granted official quotation.

### **2.3 Option Scheme Summary**

If this Option Scheme becomes Effective, then:

- (a) in consideration for the cancellation of each Scheme Option to IronClad, IronClad will be obliged to provide the Option Scheme Consideration to each Scheme Optionholder; and
- (b) all of the Scheme Options and all rights and obligations attaching to them as at the Implementation Date, will be cancelled.

### **2.4 Implementation**

- (a) IronClad has entered into the Option Scheme Deed Poll pursuant to which it has, among other things, covenanted to carry out its obligations (including its obligation to provide the Option Scheme Consideration, to Scheme Optionholders) as contemplated by this Option Scheme.

- (b) Trafford and IronClad have also entered into the Merger Implementation Agreement, which sets out the terms on which Trafford and IronClad have agreed to implement the Option Scheme.

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### 3. Conditions precedent and effectiveness

#### 3.1 Conditions Precedent

The conditions precedent to this Option Scheme becoming Effective are:

- (a) **(Option Scheme approval)** this Option Scheme being approved, in accordance with section 411(4)(a) of the Corporations Act, at the Option Scheme Meeting;
- (b) **(Share Scheme approval)** the Share Scheme being approved, in accordance with section 411(4)(a) of the Corporations Act, at the Share Scheme Meeting;
- (c) **(conditions precedent to Merger Implementation Agreement)** all of the conditions set out in clause 2.4 of the Merger Implementation Agreement (other than the conditions set out in clauses 2.4(e) and 2.2(f)) being satisfied or waived in accordance with the terms of the Merger Implementation Agreement by the times indicated in the Merger Implementation Agreement;
- (d) **(no termination)** the Merger Implementation Agreement or Option Scheme Deed Poll not being terminated prior to 8.00am on the Second Court Date;
- (e) **(Court approval)** the approval by the Court of this Option Scheme, pursuant to section 411(4)(b) of the Corporations Act, being given;
- (f) **(ASIC lodgements)** the lodgement with ASIC of an office copy of the Court order approving the Option Scheme under section 411(4)(b) of the Corporations Act;
- (g) **(Court conditions)** such other conditions made or required by the Court under section 411(6) of the Corporations Act in relation to the Option Scheme as are acceptable to IronClad and Trafford being satisfied;
- (h) **(Court approval of Share Scheme)** the approval by the Court of the Share Scheme, pursuant to section 411(4)(b) of the Corporations Act, being given;
- (i) **(ASIC lodgement)** the lodgement with ASIC of an office copy of the Court order approving the Share Scheme under section 411(4)(b) of the Corporations Act; and
- (j) **(Court conditions for Share Scheme)** such other conditions made or required by the Court under section 411(6) of the Corporations Act in relation to the Share Scheme as are acceptable to IronClad and Trafford being satisfied.

The satisfaction of each of paragraphs (a) to (j) of this clause 3.1 is a condition precedent to the operation of this Option Scheme and this Option Scheme will be of no effect unless the conditions precedent in this clause 3.1 are satisfied.

#### 3.2 Certificate

IronClad and Trafford will provide to the Court at the Second Court Hearing a certificate confirming:

- (a) whether or not all of the conditions in clause 2.4 of the Merger Implementation Agreement (other than those set out in clauses 2.4(e) and (f) of the Merger Implementation Agreement) have been satisfied or waived in accordance with the terms of the Merger Implementation Agreement; and
- (b) the Merger Implementation Agreement and the Option Scheme Deed Poll have not been terminated in accordance with their terms.

Such certificate constitutes conclusive evidence that those conditions are satisfied, waived or taken to be waived.

### **3.3 Merger Implementation Agreement**

If the Merger Implementation Agreement is terminated in accordance with its terms prior to 8.00am on the Second Court Date, IronClad and Trafford are each immediately released from any further obligation to take steps to implement the Option Scheme.

### **3.4 Sunset Date**

This Option Scheme will lapse and be of no further force or effect if the Effective Date has not occurred on or before the Sunset Date.

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## **4. Implementation of the Option Scheme**

### **4.1 Court order**

This Option Scheme will become binding on Trafford and each Scheme Optionholder if and only if the Court makes an order under section 411(4)(b) of the Corporations Act approving this Option Scheme and that order becomes effective under section 411(10) of the Corporations Act.

### **4.2 Lodgement with ASIC**

Trafford will lodge with ASIC an office copy of the order of the Court made under section 411(4)(b) of the Corporations Act approving this Option Scheme as soon as practicable and, in any event, by 5.00pm on the first Business Day after:

- (a) the Court approves the Option Scheme; or
- (b) the date of satisfaction of the conditions precedent referred to in clause 3.1 of this Option Scheme,

whichever is the later.

### **4.3 Cancellation of Scheme Options**

- (a) Subject to the provision of the Option Scheme Consideration in the manner contemplated by clause 4.4, on the Implementation Date all of the Scheme Options (together with all rights and entitlements attaching to the Scheme Options) will be cancelled (without the need for any further act by a Scheme Optionholder other than acts performed by Trafford pursuant to the authority in clause 4.7) and each Scheme Optionholder:
  - (i) releases Trafford from all obligations in relation to those Scheme Options;
  - (ii) releases and waives any and all rights it may have had (including to be issued Trafford Shares) in relation to those Scheme Options (including under a relevant option plan or under the terms of the relevant Scheme Options); and
  - (iii) authorises Trafford to update the Option Register recording the cancellation of the Trafford Options that constitute the Scheme Options.
- (b) In consideration for the cancellation of their Scheme Options, each Scheme Optionholder will be entitled to receive the Option Scheme Consideration in accordance with clause 4.4.

### **4.4 Consideration under this Option Scheme**

Subject to and in accordance with the other terms and conditions of this Option Scheme, in consideration for the cancellation of each Scheme Option, IronClad will on the Implementation Date grant to each Scheme Optionholder the number of New IronClad Options as are due to that Scheme Optionholder as Option Scheme Consideration.

#### **4.5 Joint holders**

In the case of Scheme Options held in joint names, any certificates or uncertificated holding statements for New IronClad Options to be issued to Option Scheme Optionholders will be issued in the names of the joint holders and will be forwarded to the holder whose name appears first in the Option Register on the Record Date.

#### **4.6 Scheme Optionholders bound**

Each Scheme Optionholder who is to receive New IronClad Options under this Option Scheme agrees to have their name and address entered into the Option Register and accept the New IronClad Options issued to them under this Option Scheme.

#### **4.7 Authority given to Trafford**

- (a) Each Scheme Optionholder will be deemed (without the need for any further act) to have irrevocably appointed Trafford (and each of its directors and officers, jointly and severally) as its attorney and agent to do and execute all acts, matters, things and documents on the part of each Scheme Optionholder necessary to implement and give full effect to this Option Scheme and the transactions contemplated by it, including (without limitation) the cancellation of the Scheme Options.
- (b) Trafford accepts each such appointment and, as attorney and agent of each Scheme Optionholder, may sub-delegate its functions, authorities or powers under clause 4.7(a) to all or any of its directors, officers or employees (jointly, severally or jointly and severally).

#### **4.8 Appointment of sole proxy**

Upon the Option Scheme Consideration being issued by IronClad pursuant to this clause 4 and until Trafford registers IronClad as the holder of all Scheme Options in the Option Register, each Scheme Optionholder:

- (a) is deemed to have appointed IronClad as attorney and agent (and directed IronClad in such capacity) to appoint the chairman of IronClad as its sole proxy and, where applicable, corporate representative, to attend meetings of holders of Trafford Options, exercise the votes attaching to the Scheme Options registered in their name and sign any resolution of holders of Trafford Options, and no Scheme Optionholder may itself attend or vote at any of those meetings or sign any resolutions, whether in person, by proxy or by corporate representative (other than pursuant to this clause 4.8(a));
- (b) acknowledges and agrees that in exercising the powers referred to in clause 4.8(a), IronClad or a director of IronClad may act in the best interests of IronClad as the intended registered holder of the Scheme Options; and
- (c) must take all other actions in the capacity of a registered holder of Scheme Options as IronClad reasonably directs.

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### **5. IronClad's Obligations and Ancillary matters**

#### **5.1 Trafford notice and Scheme Optionholder consent**

- (a) As soon as practicable after the Record Date, and in any event at least 2 Business Days before the Implementation Date, Trafford will give to IronClad (or procure that IronClad be given) details of the names and addresses shown in the Option Register of all Scheme Optionholders and the number of Scheme Options held by each of them at the Record Date (in such form as may be reasonably requested by IronClad).
- (b) Scheme Optionholders agree that any information referred to in clause 5.1(a) may be disclosed to IronClad, IronClad's advisors, Trafford' advisors and other service providers (including the IronClad Registry) to the extent necessary to effect the Option Scheme.



## **5.2 Provision of Option Scheme Consideration**

IronClad will provide to each Scheme Optionholder the Option Scheme Consideration to which that Scheme Optionholder is entitled by:

- (a) on the Implementation Date, issuing to that Scheme Optionholder 1 New IronClad Option for every 1 Scheme Option registered in the name of that Scheme Optionholder in the Option Register at the Record Date, which obligation will be satisfied by causing the name and Registered Address (at the Record Date) of that Scheme Optionholder to be entered into the IronClad Register as the holder of the New IronClad Options issued to that Scheme Optionholder; and
- (b) within 5 Business Days after the Implementation Date, procuring the dispatch to that Scheme Optionholder, if their New IronClad Options are to be held on the issuer sponsored subregister of IronClad, by pre-paid post to their Registered Address (at the Record Date), of an uncertificated holding statement in the name of that Scheme Optionholder relating to the number of New IronClad Options issued to that Scheme Optionholder.

## **5.3 Status of New IronClad Options**

The New IronClad Options to be issued in accordance with this Option Scheme will be validly issued.

## **5.4 Deferred settlement trading**

IronClad will use its best endeavours to ensure that the New IronClad Options to be issued to Scheme Optionholders are quoted on ASX as soon as practicable after the Effective Date, initially on a deferred settlement basis and thereafter on an ordinary settlement basis.

## **5.5 Appointment of IronClad as attorney and agent**

Each Scheme Optionholder, without need for any further act, irrevocably appoints IronClad and each of its directors and officers, jointly and severally, as that Scheme Optionholder's attorney and agent for the purpose of executing any form of application required for New IronClad Options to be issued to that Scheme Optionholder under the Option Scheme.

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## **6. Dealings in Trafford Options**

### **6.1 No allotment or issue**

No Trafford Options will be allotted or issued by Trafford after the Effective Date.

### **6.2 No dealings after Record Date**

Where this Option Scheme becomes binding as provided by clause 4.1, for the purposes of determining who are Scheme Optionholders, dealings in Scheme Options will only be recognised if:

- (a) in the case of dealings of a type to be effected using CHESS, the transferee is registered in the Option Register as the holder of the Scheme Options by the Record Date; and
- (b) in all other cases, registrable transfers or transmission applications in respect of those dealings are received by the Option Registry by the Record Date.

Trafford will register registrable transfers or transmission applications of the kind referred to in clause 6.2(b) on or before the Record Date.

### **6.3 No registration of transfers**

Trafford will not accept for registration nor recognise for any purpose any transmission application, transfer or other dealing in respect of Scheme Options received after the Record Date, other than a transfer to IronClad in accordance with this Option Scheme.

#### **6.4 Statements of holding**

All statements of holdings (or certificates) for Scheme Options will cease to have any effect from the Record Date as documents of title in respect of such Scheme Options. As from the Record Date, each entry current at that date on the Share Register relating to Scheme Options will cease to be of any effect other than as evidence of entitlement to the Option Scheme Consideration.

#### **6.5 Maintenance of Option Register**

In order to determine entitlements to the Option Scheme Consideration, Trafford will maintain, or procure the maintenance of, the Option Register in accordance with this clause 6 until the Option Scheme Consideration has been provided to Scheme Optionholders, and the Option Register in this form will solely determine entitlements to the Option Scheme Consideration.

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### **7. Quotation of Trafford Options**

#### **7.1 Suspension of trading**

Trafford will apply to ASX for suspension of trading of Trafford Options on ASX after the close of trading on ASX on the Effective Date. It is expected that suspension of trading in Trafford Options will occur from the commencement of the Business Day following the day on which Trafford notifies ASX of this Option Scheme becoming Effective.

#### **7.2 Termination of quotation**

After the Implementation Date, Trafford will apply for termination of the official quotation of Scheme Options.

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### **8. General**

#### **8.1 Option Scheme binding**

This Option Scheme binds Trafford and all Scheme Optionholders (including those who do not attend the Option Scheme Meeting, do not vote at the Option Scheme Meeting, or vote against this Option Scheme at the Option Scheme Meeting) and, to the extent of any inconsistency, overrides the constitution of Trafford.

#### **8.2 Enforcement of Option Scheme Deed Poll**

- (a) Each Scheme Optionholder appoints Trafford as its agent and attorney to enforce the Option Scheme Deed Poll against IronClad.
- (b) Trafford undertakes in favour of each Scheme Optionholder to enforce the Option Scheme Deed Poll against IronClad on behalf of, and as agent and attorney for, the Scheme Optionholders.

#### **8.3 Modifications and amendments**

Trafford may by its counsel or solicitors (but only with the prior consent of IronClad, which consent may not be unreasonably withheld or delayed) consent on behalf of all persons concerned (including the Scheme Optionholders) to any modification of, or amendment to, or the making or imposition by the Court of any condition in respect of this Option Scheme.

#### **8.4 Accidental omissions and non-receipt of notice**

The accidental omission to give notice of the Option Scheme Meeting to any holder of Scheme Options or the non-receipt of such a notice by any holder of Scheme Options will not, unless so ordered by the Court, invalidate the Option Scheme Meeting or the proceedings at the Option Scheme Meeting.

## 8.5 Binding instruction or notification

Except for a Scheme Optionholder's tax file number, any binding instruction or notification from a Scheme Optionholder to Trafford relating to Scheme Options at the Record Date (including any instructions relating to communications) will, from the Record Date, be deemed (except to the extent inconsistent with the other provisions of this Option Scheme or as determined otherwise by IronClad in its sole discretion) to be a similarly binding instruction or notification to IronClad in respect of the New IronClad Options issued to the Scheme Optionholder until such time as it is revoked or amended in writing addressed to IronClad at the IronClad Registry.

## 8.6 Notices

Each communication (including each notice, transfer, transmission application, direction or other communication) under or in connection with this Option Scheme:

- (a) must be in writing;
- (b) must be addressed to:
  - (i) in the case of Trafford - Trafford's registered office or the Share Registry; and
  - (ii) in the case of Scheme Optionholders - the Registered Address of the relevant Scheme Optionholder at the Record Date;
- (c) must be signed by the sender or (on that sender's behalf) by the solicitor for or any attorney, director, secretary or authorised agent of that sender;
- (d) must be delivered by hand or posted by prepaid post to the address of the addressee in accordance with clause (b); and
- (e) is taken to be received by the addressee:
  - (i) where the addressee is Trafford and the communication is sent by prepaid post, on the day it is actually received at Trafford's registered office or the Share Registry; and
  - (ii) in all other cases, by the addressee:
    - (A) (in the case of prepaid post sent to an address in the same country) on the third day after the date of posting;
    - (B) (in the case of prepaid post sent to an address in another country) on the fifth day after the date of posting;
    - (C) (in the case of delivery by hand) on delivery,

but if the communication would, on the application of clauses (A) to (C), be taken to be received on a day that is not a Business Day or after 5.00pm on a Business Day, it is taken to be received at 9.00am on the next Business Day.

## 8.7 Further obligations

Trafford and IronClad must each execute all deeds and other documents (including transfers) and do all acts and things as may be necessary or expedient on its part to implement and give full effect to this Option Scheme in accordance with its terms.

## 8.8 No liability

Neither Trafford nor IronClad, nor any of their respective officers, is liable to Scheme Optionholders for anything done or for anything omitted to be done in performance of this Option Scheme in good faith.

**8.9 Costs and stamp duty**

Trafford will pay the costs of the Option Scheme other than duty.

**8.10 Governing law**

This Option Scheme is governed by and must be construed according to the laws applying in Western Australia.

**8.11 Jurisdiction**

Trafford, Scheme Optionholders and IronClad each submit to the non-exclusive jurisdiction of the courts exercising jurisdiction in Western Australia, and any court that may hear appeals from any of those courts, for any proceedings in connection with this document, and waive any right they might have to claim that those courts are an inconvenient forum.

## Schedule 1 - Terms and Conditions of New IronClad Options

The following terms and conditions apply to the New IronClad Options (Options):

### 1. Entitlement

Each Option entitles the holder to subscribe for one fully paid ordinary share in the capital of IronClad (Share) upon exercise of the Option.

### 2. Exercise Price and Expiry Date

The Options have an exercise price of \$0.20 per Option (Exercise Price) and an expiry date of 20 May 2016 (Expiry Date).

### 3. Exercise Period

The Options are exercisable at any time on or prior to the Expiry Date (Exercise Period).

### 4. Notice of Exercise

The Options may be exercised during the Exercise Period by notice in writing to IronClad in the manner specified on the Option certificate (Notice of Exercise) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to IronClad.

### 5. Exercise Date

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (Exercise Date).

### 6. Quotation

IronClad will apply for quotation of the Options on ASX.

### 7. Quotation of Shares issued on exercise

Application will be made by IronClad to ASX for quotation of the Shares issued upon the exercise of the Options.

### 8. Timing of issue of Shares on exercise

After an Option is validly exercised, IronClad must, within, 15 business days of receipt of the Notice of Exercise and receipt of cleared funds equal to the Exercise Price of the exercised Option:

- (a) issue the Share; and
- (b) do all such acts, matters and things to obtain the grant of official quotation of the Share on ASX no later than 10 business days after issuing the Share.

### 9. Shares issued on exercise

Shares issued on exercise of the Options rank equally with the then issued shares of IronClad.

### 10. Reconstruction of capital

In the event of any reconstruction (including consolidation, subdivision, reduction or return of capital) of the issued capital of IronClad prior to the expiry date of the Options, all rights of the Option holder will be varied in accordance with the Listing Rules.

**11. Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

**12. Change in exercise price**

There will be no change to the exercise price of the Options or the number of Shares over which the Options are exercisable in the event of IronClad making a pro-rata issue of Shares or other securities to the holders of Shares in IronClad (other than a bonus issue).

**13. Adjustment for bonus issues**

If IronClad makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction, of dividends or by way of dividend reinvestment):

(a) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the holder would have received if the holder of the Options had exercised the Option before the record date for the bonus issue; and

(b) no change will be made to the Option exercise price.

**14. Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

## Annexure D - Share Scheme Deed Poll

**BELLANHOUSE**

LEGAL

## Share Scheme Deed Poll

**IronClad Mining Limited**  
ACN 124 990 405



Date 24 December 2014

Parties **IronClad Mining Limited ACN 124 990 405** of Level 2, 679 Murray Street, West Perth, Western Australia (**IronClad**)

In favour of each holder of fully paid ordinary shares in the capital of Trafford Resources Limited ACN 112 257 299 on issue as at 5.00pm on the Record Date (each a **Scheme Shareholder**)

## Recitals

- A. IronClad and Trafford have entered into the Merger Implementation Agreement.
- B. Trafford has agreed in the Merger Implementation Agreement to propose the Share Scheme.
- C. Under the Share Scheme, all Trafford Shares held by Scheme Shareholders will be transferred to IronClad for the Share Scheme Consideration.
- D. In accordance with the Merger Implementation Agreement, IronClad is entering into this Deed to covenant in favour of the Scheme Shareholders to perform its obligations under the Share Scheme.

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## 1. Definitions and Interpretation

### 1.1 Definitions

In this Deed, unless the context requires otherwise:

**Deed** means this Share Scheme Deed Poll.

**Merger Implementation Agreement** means the merger implementation agreement between Trafford and IronClad dated 24 December 2014.

**Share Scheme** means the scheme of arrangement under section 411 of the Corporations Act between Trafford and the Scheme Shareholders, subject to any alterations or conditions made or required by the Court pursuant to section 411(6) of the Corporations Act and approved in writing by Trafford and IronClad.

Terms that are not defined in this Deed and that are defined in the Merger Implementation Agreement or the Share Scheme have the same meaning in this Deed as given to the term in the Merger Implementation Agreement or Share Scheme, unless the context makes it clear that a definition is not intended to apply.

### 1.2 Interpretation

The rules specified in clause 1.2 of the Merger Implementation Agreement apply in interpreting this Deed, unless the context makes it clear that a rule is not intended to apply.

### 1.3 Nature of Share Scheme Deed Poll

IronClad acknowledges that:

- (a) this Deed may be relied on and enforced by any Scheme Shareholder in accordance with its terms even though the Scheme Shareholders are not party to it; and
- (b) under the Share Scheme, each Scheme Shareholder irrevocably appoints Trafford and any of Trafford's directors as its agent and attorney, inter alia, to enforce this Deed against IronClad.

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## 2. Condition Precedent and Termination

### 2.1 Condition

IronClad's obligations under clause 3 are subject to the Share Scheme becoming Effective.

## **2.2 Termination**

If the Share Scheme does not become Effective on or before the Sunset Date, or the Merger Implementation Agreement is terminated, IronClad's obligations under this Deed will automatically terminate and the terms of this Deed will be of no further force or effect, unless IronClad and Trafford otherwise agree in writing.

## **2.3 Consequences of Termination**

If this Deed is terminated under clause 2.2, then, in addition and without prejudice to any other rights, powers or remedies available to it:

- (a) IronClad is released from its obligations to further perform this Deed except those obligations contained in clause 8.3; and
- (b) each Scheme Shareholder retains any rights, power or remedies it has against IronClad in respect of any breach of this Deed by IronClad which occurred before termination of this Deed.

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## **3. Payment of Share Scheme Consideration**

### **3.1 Undertaking to pay Share Scheme Consideration**

Subject to clauses 2 and 3.3, in consideration of the transfer of each Trafford Share to IronClad, IronClad must:

- (a) acquire all Trafford Shares on issue at the Record Date from Scheme Shareholders, in accordance with the provisions of the Share Scheme;
- (b) issue and allot the Share Scheme Consideration to each Scheme Shareholder (other than to Ineligible Foreign Holders who will be dealt with in accordance with clause 3.3); and
- (c) otherwise do all things necessary or expedient on its part to implement the Share Scheme.

### **3.2 Satisfaction of Obligation to Provide Share Scheme Consideration**

The obligation of IronClad to provide the Share Scheme Consideration referred to in clause 3.1(b) will be satisfied by IronClad:

- (a) on the Implementation Date, passing a resolution of directors and doing all other things necessary to validly issue the New IronClad Shares comprising the Share Scheme Consideration due to that Scheme Shareholder (other than an Ineligible Foreign Holder) and entering in the register of members of IronClad the name and registered address of each Scheme Shareholder, in relation to all the New IronClad Shares issued to each Scheme Shareholder as Share Scheme Consideration in accordance with the Share Scheme;
- (b) on the Implementation Date, passing a resolution of directors and doing all other things necessary to validly issue to the Sale Agent all the New IronClad Shares required to be issued to the Sale Agent under the Share Scheme rather than to an Ineligible Foreign Holder, and entering the name and registered address of the Sale Agent in the register of members of IronClad as the holder of those New IronClad Shares;
- (c) within 5 Business Days after the Implementation Date, dispatching to each Scheme Shareholder, by pre-paid post to his or her address as recorded in Trafford's share register at the Record Date or to the Sale Agent (as the case may be), a certificate or uncertificated holding statement in the name of that Scheme Shareholder representing the number of New IronClad Shares issued to that Scheme Shareholder;
- (d) on the Implementation Date, if required by Trafford, executing a valid share transfer form or forms (which may be a master transfer) as contemplated by clause 4.3 of the Share Scheme effecting the transfer of the Scheme Shares from the Scheme Shareholders to IronClad and must deliver such executed share transfer form or forms to Trafford for registration; and
- (e) procuring, as soon as reasonably practicable (and in any event not more than 15 Business Days after the Implementation Date) that the Sale Agent sell any New IronClad Shares issued to it

and remit the proceeds to the relevant Ineligible Foreign Holders, in accordance with the Share Scheme.

### 3.3 Ineligible Foreign Holders

IronClad will be under no obligation under the Share Scheme to issue, and will not issue, any New IronClad Shares to an Ineligible Foreign Holder, and instead where a Scheme Shareholder is an Ineligible Foreign Holder, the number of New IronClad Shares to which the Scheme Shareholder would otherwise be entitled, will be allotted to a nominee approved by Trafford and ASIC who will sell those New IronClad Shares as soon as practicable (at the risk of that Ineligible Foreign Holder) and pay the proceeds received, after deducting any applicable brokerage, stamp duty and other taxes and charges, to that Ineligible Foreign Holder in full satisfaction of that Ineligible Foreign Holder's rights under the Share Scheme to Share Scheme Consideration.

### 3.4 Joint Holders

In the case of Trafford Shares held by Scheme Shareholders in joint names:

- (a) any entry in the register of members of IronClad required to be made must record the names and registered addresses of the joint holders; and
- (b) any certificates or uncertificated holding statement for New IronClad Shares must be issued to Scheme Shareholders in the names of the joint holders and must be forwarded to the holder whose name first appears in Trafford's share register at the Record Date.

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## 4. Representations and Warranties

IronClad represents and warrants that:

- (a) **(status)** it is a company limited by shares and validly existing;
- (b) **(power)** it has full legal capacity and power to enter into this Deed and to carry out the transactions that this Deed contemplates;
- (c) **(corporate authority)** it has taken all corporate action that is necessary or desirable to authorise its entry into this Deed and its carrying out the transactions this Deed contemplates;
- (d) **(Deed effective)** this Deed constitutes its legal, valid and binding obligations, enforceable against it in accordance with its terms (except to the extent limited by equitable principles and laws affecting creditor's rights generally) subject to any necessary stamping; and
- (e) **(Rank equally)** the New IronClad Shares to be issued pursuant to the Share Scheme will be validly issued, fully paid and free from any mortgage, charge, lien, encumbrance or other security interest and will rank equally in all respects with all other IronClad Shares then on issue (other than in respect of any dividend already declared and not yet paid by IronClad, where the record date for entitlement to that dividend occurred prior to the Implementation Date).

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## 5. Continuing Obligations

This Deed is irrevocable and, subject to clause 2, remains in full force and effect until IronClad has completely performed its obligations under this Deed or the earlier termination of this Deed under clause 2.

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## 6. Notices

Each communication (including each notice, consent, approval, request and demand) under or in connection with this Deed:

- (a) must be in writing;

- (b) must be addressed to the address notified by the recipient to the sender from time to time. As at the date of this Deed, IronClad's address is the address as set out at the start of this Deed;
- (c) must be signed by the sender or (on that sender's behalf) by the solicitor for or any attorney, director, secretary or authorised agent of that sender;
- (d) must be delivered by hand or posted by prepaid post to the address, or sent by fax to the number, of the addressee in accordance with clause (c); and
- (e) is taken to be received by the addressee:
  - (i) (in the case of prepaid post sent to an address in the same country) on the third day after the date of posting;
  - (ii) (in the case of prepaid post sent to an address in another country) on the fifth day after the date of posting;
  - (iii) (in the case of facsimile) at the time in the place to which it is sent equivalent to the time shown on the transmission confirmation report produced by the facsimile machine from which it was sent or other verification from the time of sending; and
  - (iv) (in the case of delivery by hand) on delivery,

but if the communication would, on the application of clauses (i) to (iv), be taken to be received on a day that is not a Business Day or after 5.00pm on a Business Day, it is taken to be received at 9.00am on the next Business Day.

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## **7. Amendment and Assignment**

### **7.1 Amendment**

This Deed may not be varied unless:

- (a) before the Second Court Date, the variation is agreed to in writing by Trafford; or
- (b) on or after the Second Court Date, the variation is agreed to in writing by Trafford and is approved by the Court,

and, in which case, IronClad will enter into a further deed poll in favour of Scheme Shareholders giving effect to that amendment.

### **7.2 Assignment**

The rights and obligations of a person under this Deed are personal. They cannot be assigned, novated, encumbered, charged or otherwise dealt with, and no person shall attempt or purport to do so.

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## **8. General**

### **8.1 Governing Law**

This Deed is governed by and must be construed according to the laws applying in Western Australia.

### **8.2 Jurisdiction**

Each party submits to the non-exclusive jurisdiction of the courts exercising jurisdiction in Western Australia, and any court that may hear appeals from any of those courts, for any proceedings in connection with this document, and waive any right they might have to claim that those courts are an inconvenient forum.

### **8.3 Liability for Expenses**

IronClad is solely responsible for, and must indemnify each Scheme Shareholder against, and must pay each Scheme Shareholder on demand the amount of, any duty that is payable and any related fines,

interest and penalties in respect of or in connection with this Deed, the performance of this Deed and each transaction effected by or made or any instrument executed under this Deed or the Share Scheme, including the transfer of Scheme Shares under the Share Scheme.

**8.4 Waiver of Rights**

- (a) Failure to exercise or enforce, or a delay in exercising or enforcing, or the partial exercise or enforcement, of a right provided by law or under this Deed by a party does not preclude, or operate as a waiver of, the exercise or enforcement, or further exercise or enforcement, of that or any other right provided by law or under this Deed.
- (b) A waiver or consent given by a party under this Deed is only effective and binding on that party if it is given or confirmed in writing by that party.
- (c) No waiver of a breach of a term of this Deed operates as a waiver of another breach of that term or of a breach of any other term of this Deed.

**8.5 Consent**

IronClad consents to Trafford producing this Deed to the Court.

**8.6 Further Acts and Documents**

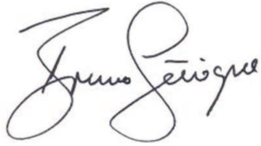
IronClad must promptly do all further acts and execute and deliver all further documents (in such form and content reasonably satisfactory to Trafford) required by law or reasonably requested by Trafford to give full effect to this Deed and the transactions contemplated by this Deed.

**8.7 Severance and Enforceability**

Any provision, or the application of any provision, of this Deed that is void, illegal or unenforceable in any jurisdiction does not affect the validity, legality or enforceability of that provision in any other jurisdiction or of the remaining provisions of this Deed in that or any other jurisdiction.

**Executed**

Executed by IronClad Mining Limited ACN 124 990 405 in accordance with section 127 of the *Corporations Act*:



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Signature of Director

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Signature of other Director

Bruno Seneque

Peter Rowe

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Name of Director in full

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Name of other Director in full

## Annexure E - Option Scheme Deed Poll

**BELLANHOUSE**

LEGAL

## Option Scheme Deed Poll

**IronClad Mining Limited**  
ACN 124 990 405



Date 24 December 2014

Parties IronClad Mining Limited ACN 124 990 405 of Level 2, 679 Murray Street, West Perth, Western Australia (IronClad)

In favour of each holder of Scheme Options in the capital of Trafford Resources Limited ACN 112 257 299 on issue as at 5.00pm on the Record Date (each a Scheme Optionholder)

#### Recitals

- A. IronClad and Trafford have entered into the Merger Implementation Agreement.
- B. Trafford has agreed in the Merger Implementation Agreement to propose the Option Scheme.
- C. Under the Option Scheme, all Scheme Options held by Scheme Optionholders will be cancelled and each Scheme Optionholder will receive the Option Scheme Consideration.
- D. In accordance with the Merger Implementation Agreement, IronClad is entering into this Deed to covenant in favour of the Scheme Optionholders to perform its obligations under the Option Scheme.

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## 1. Definitions and Interpretation

### 1.1 Definitions

In this Deed, unless the context requires otherwise:

**Deed** means this Option Scheme Deed Poll.

**Merger Implementation Agreement** means the merger implementation agreement between Trafford and IronClad dated 24 December 2014.

**Option Scheme** means the scheme of arrangement under section 411 of the Corporations Act between Trafford and the Scheme Optionholders, subject to any alterations or conditions made or required by the Court pursuant to section 411(6) of the Corporations Act and approved in writing by Trafford and IronClad.

Terms that are not defined in this Deed and that are defined in the Merger Implementation Agreement or the Option Scheme have the same meaning in this Deed as given to the term in the Merger Implementation Agreement or Option Scheme, unless the context makes it clear that a definition is not intended to apply.

### 1.2 Interpretation

The rules specified in clause 1.2 of the Merger Implementation Agreement apply in interpreting this Deed, unless the context makes it clear that a rule is not intended to apply.

### 1.3 Nature of Option Scheme Deed Poll

IronClad acknowledges that:

- (a) this Deed may be relied on and enforced by any Scheme Optionholder in accordance with its terms even though the Scheme Optionholders are not party to it; and
- (b) under the Option Scheme, each Scheme Optionholder irrevocably appoints Trafford and any of Trafford's directors as its agent and attorney, inter alia, to enforce this Deed against IronClad.

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## 2. Condition Precedent and Termination

### 2.1 Condition

IronClad's obligations under clause 3 are subject to the Option Scheme becoming Effective.

## 2.2 Termination

If the Option Scheme does not become Effective on or before the Sunset Date, or the Merger Implementation Agreement is terminated, IronClad's obligations under this Deed will automatically terminate and the terms of this Deed will be of no further force or effect, unless IronClad and Trafford otherwise agree in writing.

## 2.3 Consequences of Termination

If this Deed is terminated under clause 2.2, then, in addition and without prejudice to any other rights, powers or remedies available to it:

- (a) IronClad is released from its obligations to further perform this Deed except those obligations contained in clause 8.3; and
- (b) each Scheme Optionholder retains any rights, power or remedies it has against IronClad in respect of any breach of this Deed by IronClad which occurred before termination of this Deed.

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## 3. Payment of Option Scheme Consideration

### 3.1 Undertaking to pay Option Scheme Consideration

Subject to clause 2, in consideration of the cancellation of each Scheme Option, IronClad must:

- (a) grant the Option Scheme Consideration to each Scheme Optionholder; and
- (b) otherwise do all things necessary or expedient on its part to implement the Option Scheme.

### 3.2 Satisfaction of obligation to provide Option Scheme Consideration

The obligation of IronClad to provide the Option Scheme Consideration referred to in clause 3.1(a) will be satisfied by IronClad:

- (a) on the Implementation Date, passing a resolution of directors and doing all other things necessary to validly issue the New IronClad Options comprising the Option Scheme Consideration due to that Scheme Optionholder and entering in the register of Optionholders of IronClad the name and registered address of each Scheme Optionholder, in relation to all the New IronClad Options issued to each Scheme Optionholder as Option Scheme Consideration in accordance with the Option Scheme;
- (b) within 5 Business Days after the Implementation Date, dispatching to each Scheme Optionholder, by pre-paid post to his or her address as recorded in Trafford's option register at the Record Date, a certificate or uncertificated holding statement in the name of that Scheme Optionholder representing the number of New IronClad Options issued to that Scheme Optionholder.

### 3.3 Joint Holders

In the case of Trafford Options held by Scheme Optionholders in joint names:

- (a) any entry in the IronClad Register required to be made must record the names and registered addresses of the joint holders; and
- (b) any certificates or uncertificated holding statement for New IronClad Options must be issued to Scheme Optionholders in the names of the joint holders and must be forwarded to the holder whose name first appears in Trafford's option register at the Record Date.

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## 4. Representations and Warranties

IronClad represents and warrants that:

- (a) (status) it is a company limited by shares and validly existing;

- (b) (power) it has full legal capacity and power to enter into this Deed and to carry out the transactions that this Deed contemplates;
- (c) (corporate authority) it has taken all corporate action that is necessary or desirable to authorise its entry into this Deed and its carrying out the transactions this Deed contemplates; and
- (d) (Deed effective) this Deed constitutes its legal, valid and binding obligations, enforceable against it in accordance with its terms (except to the extent limited by equitable principles and laws affecting creditor's rights generally) subject to any necessary stamping.

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## 5. Continuing Obligations

This Deed is irrevocable and, subject to clause 2, remains in full force and effect until IronClad has completely performed its obligations under this Deed or the earlier termination of this Deed under clause 2.

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## 6. Notices

Each communication (including each notice, consent, approval, request and demand) under or in connection with this Deed:

- (a) must be in writing;
- (b) must be addressed to the address notified by the recipient to the sender from time to time. As at the date of this Deed, IronClad's address is the address as set out at the start of this Deed;
- (c) must be signed by the sender or (on that sender's behalf) by the solicitor for or any attorney, director, secretary or authorised agent of that sender;
- (d) must be delivered by hand or posted by prepaid post to the address, or sent by fax to the number, of the addressee in accordance with (c); and
- (e) is taken to be received by the addressee:
  - (i) (in the case of prepaid post sent to an address in the same country) on the third day after the date of posting;
  - (ii) (in the case of prepaid post sent to an address in another country) on the fifth day after the date of posting;
  - (iii) (in the case of facsimile) at the time in the place to which it is sent equivalent to the time shown on the transmission confirmation report produced by the facsimile machine from which it was sent or other verification from the time of sending; and
  - (iv) (in the case of delivery by hand) on delivery,

but if the communication would, on the application of clauses (i) to (iv), be taken to be received on a day that is not a Business Day or after 5.00pm on a Business Day, it is taken to be received at 9.00am on the next Business Day.

---

## 7. Amendment and Assignment

### 7.1 Amendment

This Deed may not be varied unless:

- (a) before the Second Court Date, the variation is agreed to in writing by Trafford; or
- (b) on or after the Second Court Date, the variation is agreed to in writing by Trafford and is approved by the Court,

and, in which case, IronClad will enter into a further deed poll in favour of Scheme Optionholders giving effect to that amendment.

## **7.2 Assignment**

The rights and obligations of a person under this Deed are personal. They cannot be assigned, novated, encumbered, charged or otherwise dealt with, and no person shall attempt or purport to do so.

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## **8. General**

### **8.1 Governing Law**

This Deed is governed by and must be construed according to the laws applying in Western Australia.

### **8.2 Jurisdiction**

Each party submits to the non-exclusive jurisdiction of the courts exercising jurisdiction in Western Australia, and any court that may hear appeals from any of those courts, for any proceedings in connection with this document, and waive any right they might have to claim that those courts are an inconvenient forum.

### **8.3 Liability for Expenses**

IronClad is solely responsible for, and must indemnify each Scheme Optionholder against, and must pay each Scheme Optionholder on demand the amount of, any duty that is payable and any related fines, interest and penalties in respect of or in connection with this Deed, the performance of this Deed and each transaction effected by or made or any instrument executed under this Deed or the Option Scheme, including the transfer of Scheme Options under the Option Scheme.

### **8.4 Waiver of Rights**

- (a) Failure to exercise or enforce, or a delay in exercising or enforcing, or the partial exercise or enforcement, of a right provided by law or under this Deed by a party does not preclude, or operate as a waiver of, the exercise or enforcement, or further exercise or enforcement, of that or any other right provided by law or under this Deed.
- (b) A waiver or consent given by a party under this Deed is only effective and binding on that party if it is given or confirmed in writing by that party.
- (c) No waiver of a breach of a term of this Deed operates as a waiver of another breach of that term or of a breach of any other term of this Deed.

### **8.5 Consent**

IronClad consents to Trafford producing this Deed to the Court.

### **8.6 Further Acts and Documents**

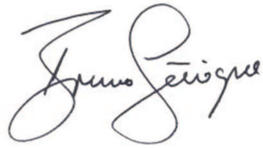
IronClad must promptly do all further acts and execute and deliver all further documents (in such form and content reasonably satisfactory to Trafford) required by law or reasonably requested by Trafford to give full effect to this Deed and the transactions contemplated by this Deed.

### **8.7 Severance and Enforceability**

Any provision, or the application of any provision, of this Deed that is void, illegal or unenforceable in any jurisdiction does not affect the validity, legality or enforceability of that provision in any other jurisdiction or of the remaining provisions of this Deed in that or any other jurisdiction.

Executed

Executed by IronClad Mining Limited ACN 124  
990 405 in accordance with section 127 of the  
*Corporations Act*:



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Signature of Director

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Signature of other Director

Bruno Seneque

Peter Rowe

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Name of Director in full

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Name of other Director in full

## Annexure F - Notice of Share Scheme Meeting

### Notice of Scheme Meeting of Trafford Shareholders

Notice is hereby given that, by order of the Federal Court of Australia (**Court**) made on 30 March 2015 pursuant to section 411(1) of the Corporations Act, a meeting of Trafford Shareholders will be held at Bentleys, Level 1, 12 Kings Park Road, West Perth, on 4 May 2015 commencing at 10am (WST).

The Court has also directed that Ian Finch act as chairman of the Share Scheme Meeting, or failing him, Neil McKay, and has directed the chairman to report the result of the Share Scheme Meeting to the Court.

#### Purpose of the Share Scheme Meeting

The purpose of the Share Scheme Meeting is to consider and, if thought fit, to agree (with or without modification) to a scheme of arrangement proposed to be made between Trafford and the Trafford Shareholders.

A copy of the Share Scheme and the explanatory statement required by section 412 of the Corporations Act in relation to the Share Scheme are contained in the Scheme Booklet of which this notice forms part. Terms and abbreviations used in this notice and in the Scheme Booklet are defined in the Scheme Booklet.

#### Resolution - Approval of Share Scheme

To consider, and if thought fit, to pass the following resolution:

*"That pursuant to and in accordance with section 411 of the Corporations Act, the scheme of arrangement proposed between Trafford and Trafford Shareholders as contained in and more particularly described in the document of which the notice convening this meeting forms part, is approved (with or without modification as approved by the Federal Court of Australia)."*

#### Majority Required

To pass the resolution approving the Share Scheme, votes in favour of the Share Scheme must be cast by:

- more than 50% in number of Trafford Shareholders present and voting (whether in person, by proxy, by attorney or, in the case of a corporation, by corporate representative); and
- at least 75% of the total number of votes cast on the resolution by Trafford Shareholders.

Voting at the Share Scheme Meeting will be by poll rather than by show of hands.

#### How to Vote

Trafford Shareholders can vote in either of two ways:

- by attending the Share Scheme Meeting and voting in person or by attorney or, in the case of corporate Trafford Shareholders, by corporate representative; or
- by appointing a proxy to attend and vote on their behalf, using the proxy form enclosed with the Scheme Booklet.

#### Voting in Person (or by Attorney or Corporate Representative)

Trafford Shareholders or their attorneys who plan to attend the Share Scheme Meeting are asked to arrive at the venue 30 minutes prior to the time designated for the Share Scheme Meeting so that the shareholding can be checked against the Trafford Register and attendances can be noted. If a Trafford Shareholder wishes to appoint an attorney, that Trafford Shareholder will need to provide Trafford with an original or certified copy of the power of attorney under which they authorise the attorney to attend and vote at the Share Scheme Meeting at least 48 hours prior to the commencement of the Share Scheme Meeting. In order to vote in person at the meeting, a Trafford Shareholder which is a corporation may appoint an individual to act as its representative. The appointment must comply with the requirements of section 250D of the Corporations Act. A corporate Trafford Shareholder should obtain an "Appointment of Corporate Representative" form from Trafford's share registry and complete that form in accordance with its instructions. The representative should lodge this form duly completed, 48 hours before the Share Scheme Meeting.

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### Jointly Held Trafford Shares

If the Trafford Shares are jointly held, only one of the joint shareholders is entitled to vote. If more than one shareholder votes in respect of jointly held Trafford Shares, only the vote of the shareholder whose name appears first on the Trafford Register will be counted.

### Proxy Instructions

- A Trafford Shareholder entitled to attend and vote at the Share Scheme Meeting is entitled to appoint not more than two proxies. Each proxy will have the right to vote on a poll and also to speak at the Share Scheme Meeting.
- The appointment of a proxy may specify the proportion or the number of votes that the proxy may exercise. Where two proxies are appointed, unless the appointment specifies the proportion or number of the Trafford Shareholder's votes, each proxy may exercise half of the votes. Fractions of votes will be disregarded.
- A proxy may, but need not be, a Trafford Shareholder.
- If a proxy is instructed to abstain from voting on any item of business, that person is directed not to vote on the Trafford Shareholder's behalf on a poll and the Trafford Shares the subject of the proxy appointment will not be counted in computing the required majority.
- If a proxy is not directed how to vote on an item of business, the proxy may vote or abstain from voting, as that person thinks fit.
- Trafford Shareholders who return their proxy forms with a direction on how to vote but without nominating the identity of their proxy will be taken to have appointed the chairman of the Share Scheme Meeting as their proxy to vote on their behalf. If a proxy form is returned but the nominated proxy does not attend the Share Scheme Meeting, the chairman of the Share Scheme Meeting will act in place of the nominated proxy and vote in accordance with any instructions. Proxy appointments in favour of the chairman of the Scheme Meeting, the secretary or any director which do not contain a direction will, in the absence of a change in circumstances, be used to vote in favour of the Share Scheme.
- A vote given in accordance with the terms of a proxy is valid despite the revocation of the proxy, unless notice in writing of the revocation has been received by Trafford or Trafford' share registry, 48 hours before commencement of the Share Scheme Meeting.
- Appointing a proxy will not preclude you from attending the Share Scheme Meeting in person and voting at the Share Scheme Meeting instead of your proxy.
- Completed proxy forms may be lodged by:
  - using one of the reply paid envelopes enclosed with the Scheme Booklet; OR
  - by posting, delivery or facsimile to the Trafford registered office as follows:

Trafford Resources Limited  
Level 2/679 Murray Street  
WEST PERTH WA 6005  
AUSTRALIA  
Fax: +61 8 9485 1050
- To be valid for the Share Scheme Meeting, completed proxy forms (and any power of attorney under which they are signed) must be received by no later than 10am (WST) on 2 May 2015.
- The proxy form must be signed by the Trafford Shareholder or the Trafford Shareholder's attorney. Proxies given by corporations must be executed in accordance with the Corporations Act. Where the appointment of a proxy is signed by the appointor's attorney, a certified copy of the power of attorney, or the power itself, must be received by Trafford's registered office at the above addresses or by facsimile transmission by 10am (WST) on 2 May 2015. If facsimile transmission is used, the power of attorney must be certified.

### Trafford Shareholders who are Entitled to Vote

Pursuant to section 411 of the Corporations Act and all other enabling powers, the Court has determined that the time for determining a person's entitlement to vote at the Share Scheme Meeting is 5.00pm (WST) on 1 May 2015. Only those Trafford Shareholders entered on the Trafford Register as at that time will be entitled to attend and vote at the

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Share Scheme Meeting. Registrable transfers or transmission applications received after this time will be disregarded in determining entitlements to vote at the Share Scheme Meeting.

#### **Court Approval**

In accordance with section 411(4)(b) of the Corporations Act, the Share Scheme (with or without modification) will not be implemented unless it is approved by an order of the Court. If the resolution put to the Share Scheme Meeting is passed by the majority required, Trafford intends to apply to the Court for the necessary orders to give effect to the Share Scheme.



## Annexure G - Notice of Option Scheme Meeting

### Notice of Option Scheme Meeting of Trafford Scheme Optionholders

Notice is hereby given that, by order of the Federal Court of Australia (**Court**) made on 30 March 2015 pursuant to section 411(1) of the Corporations Act, a meeting of Trafford Scheme Optionholders will be held at Bentleys, Level 1, 12 Kings Park Road, West Perth, on 4 May 2015 commencing at the later of 10.30am (WST) and the conclusion of the Share Scheme Meeting.

The Court has also directed that Ian Finch act as chairman of the Option Scheme Meeting, or failing him, Neil McKay, and has directed the chairman to report the result of the Option Scheme Meeting to the Court.

#### Purpose of the Option Scheme Meeting

The purpose of the Option Scheme Meeting is to consider and, if thought fit, to agree (with or without modification) to a scheme of arrangement proposed to be made between Trafford and the Trafford Optionholders.

A copy of the Option Scheme and the explanatory statement required by section 412 of the Corporations Act in relation to the Options Scheme are contained in the Scheme Booklet of which this notice forms part. Terms and abbreviations used in this notice and in the Scheme Booklet are defined in the Scheme Booklet.

#### Resolution - Approval of Options Scheme

To consider, and if thought fit, to pass the following resolution:

*"That pursuant to and in accordance with section 411 of the Corporations Act, the scheme of arrangement proposed between Trafford and Trafford Scheme Optionholders, as contained in and more particularly described in the document of which the notice convening this meeting forms part, is approved (with or without modification as approved by the Federal Court of Australia)."*

#### Majority Required

To pass the resolution approving the Option Scheme, votes in favour of the Option Scheme must be cast by:

- more than 50% in number of Trafford Scheme Optionholders present and voting (whether in person, by proxy, by attorney or, in the case of a corporation, by corporate representative); and
- Trafford Scheme Optionholders whose Trafford Scheme Options amount in aggregate to at least 75% (by value) of the total of all Trafford Scheme Options voted by Trafford Scheme Optionholders present and voting at the Option Scheme Meeting on the Option Scheme Resolution.

Voting at the Option Scheme Meeting will be by poll rather than by show of hands.

#### How to Vote

Trafford Scheme Optionholders can vote in either of two ways:

- by attending the Option Scheme Meeting and voting in person or by attorney or, in the case of corporate Trafford Scheme Optionholders, by corporate representative; or
- by appointing a proxy to attend and vote on their behalf, using the proxy form enclosed with the Scheme Booklet.

#### Voting in Person (or by Attorney or Corporate Representative)

Trafford Scheme Optionholders or their attorneys who plan to attend the Option Scheme Meeting are asked to arrive at the venue 30 minutes prior to the time designated for the Option Scheme Meeting so that the optionholding can be checked against the Trafford Option Register and attendances can be noted. If a Trafford Scheme Optionholder wishes to appoint an attorney, that Trafford Scheme Optionholder will need to provide Trafford with an original or certified copy of the power of attorney under which they authorise the attorney to attend and vote at the Option Scheme Meeting at least 48 hours prior to the commencement of the Option Scheme Meeting. In order to vote in person at the meeting, a Trafford Scheme Optionholder which is a corporation may appoint an individual to act as its representative. The appointment must comply with the requirements of section 250D of the Corporations Act. A corporate Trafford Scheme Optionholder should obtain an "Appointment of Corporate Representative" form from Trafford's share registry and complete that form in accordance with its instructions. The representative should bring

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this form, duly completed, to the Option Scheme Meeting and any authority under which it is signed, unless this has already been provided and is kept by the Company's share registry.

### Jointly Held Trafford Scheme Options

If the Trafford Scheme Options are jointly held, only one of the joint optionholders is entitled to vote. If more than one optionholder votes in respect of jointly held Trafford Scheme Options, only the vote of the optionholder whose name appears first on the Trafford Option Register will be counted.

### Proxy Instructions

- A Trafford Scheme Optionholder entitled to attend and vote at the Option Scheme Meeting is entitled to appoint not more than two proxies. Each proxy will have the right to vote on a poll and also to speak at the Option Scheme Meeting.
  - The appointment of a proxy may specify the proportion or the number of votes that the proxy may exercise. Where two proxies are appointed, unless the appointment specifies the proportion or number of the Trafford Scheme Optionholder's votes, each proxy may exercise half of the votes. Fractions of votes will be disregarded.
  - A proxy may, but need not be, a Trafford Scheme Optionholder.
  - If a proxy is instructed to abstain from voting on any item of business, that person is directed not to vote on the Trafford Scheme Optionholder's behalf on a poll and the Trafford Scheme Options the subject of the proxy appointment will not be counted in computing the required majority.
  - If a proxy is not directed how to vote on an item of business, the proxy may vote or abstain from voting, as that person thinks fit.
  - Trafford Scheme Optionholders who return their proxy forms with a direction on how to vote but without nominating the identity of their proxy will be taken to have appointed the chairman of the Option Scheme Meeting as their proxy to vote on their behalf. If a proxy form is returned but the nominated proxy does not attend the Option Scheme Meeting, the chairman of the Option Scheme Meeting will act in place of the nominated proxy and vote in accordance with any instructions. Proxy appointments in favour of the chairman of the Option Scheme Meeting, the secretary or any director which do not contain a direction will, in the absence of a change in circumstances, be used to vote in favour of the Option Scheme.
  - A vote given in accordance with the terms of a proxy is valid despite the revocation of the proxy, unless notice in writing of the revocation has been received by Trafford or Trafford's share registry 48 hours before commencement of the Option Scheme Meeting.
  - Appointing a proxy will not preclude you from attending the Option Scheme Meeting in person and voting at the Option Scheme Meeting instead of your proxy.
  - Completed proxy forms may be lodged by:
    - using one of the reply paid envelopes enclosed with the Scheme Booklet; OR
    - by posting, delivery or facsimile to the Trafford registered office as follows:

Trafford Resources Limited  
Level 2/679 Murray Street  
WEST PERTH WA 6005  
AUSTRALIA  
Fax: +61 8 9485 1050
  - To be valid for the Option Scheme Meeting, completed proxy forms (and any power of attorney under which they are signed) must be received by no later than 10.30am (WST) on 2 May 2015
  - The proxy form must be signed by the Trafford Scheme Optionholder or the Trafford Scheme Optionholder's attorney. Proxies given by corporations must be executed in accordance with the Corporations Act. Where the appointment of a proxy is signed by the appointor's attorney, a certified copy of the power of attorney, or the power itself, must be received by the Company's registered office at the above address or by facsimile transmission by than 10.30am (WST) on 2 May 2015. If facsimile transmission is used, the power of attorney must be certified.
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**Trafford Scheme Optionholders who are Entitled to Vote**

Pursuant to section 411 of the Corporations Act and all other enabling powers, the Court has determined that the time for determining a person's entitlement to vote at the Option Scheme Meeting is 5.00pm (Perth time) on 1 May 2015. Only those Trafford Scheme Optionholders entered on the Trafford Option Register as at that time will be entitled to attend and vote at the Option Scheme Meeting. Registrable transfers or transmission applications received after this time will be disregarded in determining entitlements to vote at the Option Scheme Meeting.

**Court Approval**

In accordance with section 411(4)(b) of the Corporations Act, the Option Scheme (with or without modification) will not be implemented unless it is approved by an order of the Court. If the resolution put to the Option Scheme Meeting is passed by the majority required, Trafford intends to apply to the Court for the necessary orders to give effect to the Option Scheme.

## Annexure H - Terms and Conditions of New IronClad Options

The following terms and conditions apply to the New IronClad Options (**Options**):

**1. Entitlement**

Each Option entitles the holder to subscribe for one fully paid ordinary share in the capital of IronClad (**Share**) upon exercise of the Option.

**2. Exercise Price and Expiry Date**

The Options have an exercise price of \$0.20 per Option (**Exercise Price**) and an expiry date of 20 May 2016 (**Expiry Date**).

**3. Exercise Period**

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

**4. Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to IronClad in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to IronClad.

**5. Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

**6. Quotation**

IronClad will apply for quotation of the Options on ASX.

**7. Quotation of Shares issued on exercise**

Application will be made by IronClad to ASX for quotation of the Shares issued upon the exercise of the Options.

**8. Timing of issue of Shares on exercise**

After an Option is validly exercised, IronClad must, within, 15 business days of receipt of the Notice of Exercise and receipt of cleared funds equal to the Exercise Price of the exercised Option:

- (a) issue the Share; and
- (b) do all such acts, matters and things to obtain the grant of official quotation of the Share on ASX no later than 10 business days after issuing the Share.

**9. Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of IronClad.

**10. Reconstruction of capital**

In the event of any reconstruction (including consolidation, subdivision, reduction or return of capital) of the issued capital of IronClad prior to the expiry date of the Options, all rights of the Option holder will be varied in accordance with the Listing Rules.

**11. Participation in new issues**

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There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

**12. Change in exercise price**

There will be no change to the exercise price of the Options or the number of Shares over which the Options are exercisable in the event of IronClad making a pro-rata issue of Shares or other securities to the holders of Shares in IronClad (other than a bonus issue).

**13. Adjustment for bonus issues**

If IronClad makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction, of dividends or by way of dividend reinvestment):

- (a) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the holder would have received if the holder of the Options had exercised the Option before the record date for the bonus issue; and
- (b) no change will be made to the Option exercise price.

**14. Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

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## Corporate Directory

### Trafford Resources Limited

**Directors**

Ian Finch  
Neil McKay  
Mark Le Grange  
Allan Trench

**Company Secretary**

Pragiyugi Gouw

**Registered & Principal Office**

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**Auditor**

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**Share Registry**

Advanced Share Registry Limited  
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### IronClad Mining Limited

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Neil McKay  
Peter Rowe  
Bruno Seneque

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**Share Registry**

Advanced Share Registry Limited  
110 Stirling Highway  
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